

CITY OF ATCHISON, KANSAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

CITY OF ATCHISON, KANSAS

For the Fiscal Year Ended

December 31, 2018

Prepared by:

FINANCE DEPARTMENT

City of Atchison, Kansas

CITY OF ATCHISON, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2018

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Introductory Section

2018



June 6, 2019

The Honorable Mayor, Members of the City Commission, and Citizens of the City of Atchison:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Atchison (City) for the fiscal year ended December 31, 2018. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations for the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditor's Report.

State law requires that every general-purpose local government publish a complete set of audited financial statements after the close of the fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2018. Berberich Trahan & Co. P.A. has issued unmodified opinions on the City's financial statements for the year ended December 31, 2018.

Profile of the Government

The City is the primary unit of government and was incorporated in 1858. It is in the northeastern part of the state approximately 35 miles from the Kansas City International Airport. It currently occupies 6.9 square miles and serves an estimated 2018 population of 10,560. The City is empowered to levy a property tax on both real and personal property within its boundaries and to extend the city limits by annexation, which it has done from time to time.

The City operates under the commission-manager form of government. Policymaking and legislative authority are vested in a governing commission consisting of the mayor and four other members, all elected on a non-partisan basis. The Commission appoints the city manager, who in turn appoints the heads of the various departments. Three of the commissioners are elected every two years. The two with the largest number of votes serve four-year terms, and the third serves a two-year term. The mayor is elected by the Commission and serves a one-year term.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational and cultural activities. Sanitation, water and wastewater services are also provided and are included as an integral part of the City's financial statements.

The City is also financially accountable for a legally separate library which is reported on separately within the City's financial statements. Additional information on this entity can be found in Note 1 of the financial statements.

Local economy

In its early history, Atchison was an important supply center for settling the West, and continues to enjoy a strong commercial base today. Major industries located within the City's boundaries, or nearby, include manufacturers of food and mill ingredients, distillery products, concrete poles, steel castings, steel pipe, electrical wiring harnesses and rail anchors.

Other economic presences include the headquarters of a publicly traded company, a full-service hospital, a four-year accredited college, a vocational school, national suppliers of leather and textile products, wholesale hardware and more.

The economic downturn of 2009 had a negative impact on Atchison's unemployment rate, with the rate reaching 9.9% by the end of 2010. The unemployment rate has fallen every year since then reaching 4.6% in December 2018 compared to 5.2% at the end of 2017. The most recent unemployment figure for Atchison is 5.1%. Many Atchison employers, including the City itself, are now struggling to find employees.

Specialty retail shops and the tourism industry have contributed to the local economy in the past ten years. Sales tax collections continued to improve, up 1% from 2017. The City's one-cent sales tax, along with its share of the County's one-cent sales tax, have risen 18.9% from \$2,374,662 in 2008 to \$2,825,234 in 2018.

Relevant financial policies

Budgeting -The Commission is required by Statute to adopt a final budget by August 25th of each year. The annual budget is the foundation for the City's financial planning and control. The budget is prepared by fund, and by department (e.g., police). The City's budget is prepared on a modified accrual basis further modified by an encumbrance system of accounting as required by applicable state statutes. The city manager presents recommendations for the budget to the Mayor and Commission members for their

review. A series of public meetings are held by commissioners to review alternative spending proposals. After soliciting public input, the Commission adopts the budget. The budget is controlled through an accounting system to ensure effective fiscal management and accountability.

Capital Spending - The City prepares a five-year spending plan for replacing its equipment. The City also maintains a five-year capital improvement (CIP) plan for maintaining and making betterments to infrastructure. Both plans are updated annually and approved by the governing body. Equipment replacements are funded by transfers from other funds, primarily the general fund, in addition to long-term leases for major equipment purchases. Capital improvements are funded through transfers from other funds, intergovernmental grants and revenues and general obligation bonds. The funding of equipment replacement and infrastructure maintenance can be designed to provide a stable and sustainable program that minimizes future cost, or the funding of these capital expenses can be deferred in the short term in order to minimize current expenses. In recent years, the City has made substantial progress in improving its infrastructure and addressing its equipment needs.

Debt Service - The City's debt service is funded by property taxes and includes a 12-mill levy limit established by Ordinance. Debt management policies established by the Commission include a net direct debt outstanding per capita limit of \$1,000, an overall debt limit of 10 percent of assessed value, and a debt-service limit of 15 percent of governmental fund expenses. These policies are specific to general obligation debt related to governmental activities, not any debt related to business type funds as that debt is meant to be repaid with revenues generated by those funds. The Commission reviews debt policy limits annually during the budget process. For 2018, all three of these measures are within the limits set forth: the debt per capita amount is \$565, the ratio of net direct debt to assessed valuation is 8.8% and the ratio of debt service payments to governmental funds expenditures is 5.5%.

Internal Controls - Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Investing – The City determines idle cash available for investing for selected time frames and solicits bids from local banks for certificates of deposit. Local banks are required to match the rate established by the State Municipal Investment Pool, or the money is invested in the state pool. The City does not have any idle cash invested in local banks or the state pool, due to the historic low interest rates. The City earns interest on its operating account at a local bank at a rate of 0.71 above the 91-day Treasury bill yield.

Risk Management – The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All potential claims, and/or liabilities are reported immediately when it becomes evident that a loss has occurred, or a claim may be made.

The City has addressed the potential risk by purchasing various commercial insurance policies for certain insurable causes of loss. These policies cover liability, employee dishonesty, public official's liability, property damage to buildings, contents and other personal property. Losses due to earthquakes and terrorism have been excluded. The City established an insurance reserve fund to fund the deductible portion of losses. The balance at the end of 2018 was \$93,637.

Spending Limits - The state limits annual spending in each fund to the amount budgeted. Prior to spending an amount more than the budgeted amount, the City must hold a public hearing with notice published a minimum of 10 days in advance.

Major initiatives

In November of 2011, the City reached an agreement on a consent order with the Kansas Department of Health and Environment to address run-off sewer discharge, a byproduct of the city's combined storm/sewer system. The agreement provides a reasonable plan of action that promotes environmental health without unduly burdening the taxpayers of Atchison.

The City had implemented a CSO fee in 2015 to begin addressing the revenue requirements of the consent order. The CSO fee is a flat charge for all residential customers, and it is usage based for commercial and industrial customers. In late 2016, KDHE agreed to release the City from the \$3.1 million in revenue requirement and in return, the City agreed to complete certain projects in a timely manner and update the long-term control plan.

The City has made substantial progress addressing the initiatives set forth by the consent agreement. In 2014, preliminary design began on a "store and treat" project to bring the 11th & 14th Street Combined Sewer Overflows (CSO) into compliance. After completing a preliminary study, the engineers determined that Watershed Dam 6 overflows are the single largest contributing factor to overflows in the 14th Street sewer shed. The design of a project to directly connect the Dam 6 Overflow to White Clay Creek began in 2016 and after multiple delays designs were completed in 2018. Construction of Phase I of the project will be completed in 2019 and Phase II will be completed in 2020.

In 2018, the City completed a mill and overlay project on US 73 with KDOT funding, the 2017 street mill and overlay project that had to be halted to due cold temperatures, and the CDBG funded sidewalk project. The installation of an inclusive playground at Jackson Park began construction in 2018 and was completed in early 2019. The playground was partially funded with a donation from the Courtney S. Turner Trust and a Pathways Grant awarded via Live Well Live Atchison. At the Amelia Earhart Airport, the fuel tanks were upgraded and moved using privately donated funds. In the Utilities funds, a small water main replacement project on N 7th and a storm sewer improvement project on Laramie were both completed. The bio tower media replacement that started in 2017 was completed in 2018 and the multi-year water tower maintenance project continued on schedule.

In May 2018, the City finalized the issuance of \$2,370,000 taxable STAR bonds to help finance the construction of an Amelia Earhart Museum at the airport and the construction

of shelters at the downtown farmers market. The STAR bond district includes the Amelia Earhart airport and a section of downtown that runs along Main Street and includes the new hotel at one end and a new Taco Bell restaurant at the other.

The farmers market shelters were completed in May 2019 and the Museum is scheduled to be completed in July 2019. Other projects planned for 2019 include the renovation of the Police Department section of City Hall, the remodeling of the first floor of the Atchison Event Center into office space, construction of Phase I of the Dam 6 separation, K-7 highway access management project (fully funded by KDOT), two major sidewalk constructions projects, including one funded by a Safe Routes to Schools grant, and the expansion of the Riverfront Trail.

Through a partnership with an organization called Network Kansas, the City of Atchison offers a locally controlled, revolving small business loan fund. Working with a local bank, aspiring entrepreneurs and existing small businesses in Atchison can lower their overall interest rate as they startup, expand, or acquire a small business in Atchison County. During 2018 the City granted over \$500,000 in loans to ten different businesses.

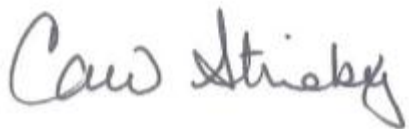
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. This was the twenty-second consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Cari Strieby
Finance Manager



Becky Berger
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Atchison
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

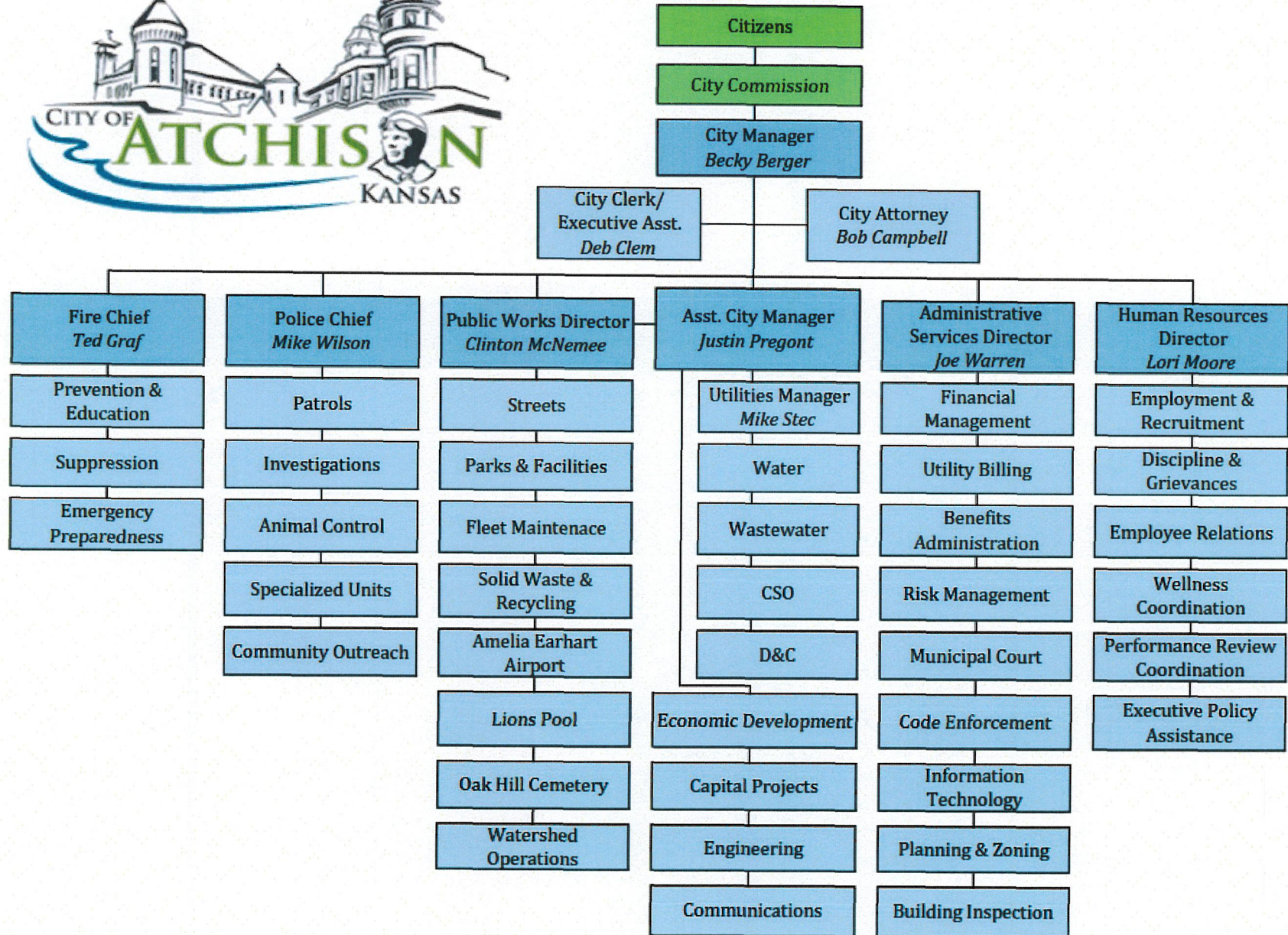
December 31, 2017

Christopher P. Morrell

Executive Director/CEO



City of Atchison Organizational Chart



CITY OF ATCHISON, KANSAS

List of Elected and Appointed Officials

December 31, 2018

ELECTED OFFICIALS

Shawn Rizza
Mayor
Term Expires January 2022

Allen Reavis
Vice-Mayor
Term Expires January 2022

Dave Butler
Commissioner
Term Expires January 2020

Charlie Perdue
Commissioner
Term Expires January 2020

David Hausmann
Commissioner
Term Expires January 2020

APPOINTED OFFICIALS

Becky Berger
City Manager

Justin Pregont
Assistant City Manager

Michael A. Wilson
Chief/Director of Police Services

Ted Graf
Chief/Director of Fire Services

Clinton McNemee
Director of Public Works

Lorelei E. Moore
Director of Human Resources

Debra Clem
City Clerk

Joe Warren
Director of Administrative Services

Pat Henderson
Municipal Judge

Robert Campbell
City Attorney

Financial Section

2018



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Commission
City of Atchison, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Atchison, Kansas (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements have been restated to correct a misstatement from the prior year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules and statements listed under supplementary information in the accompanying table of contents and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules and statements listed under supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Berwick Trahan + Co., P.A.

Topeka, Kansas
June 6, 2019

City of Atchison, Kansas
Management Discussion and Analysis
Fiscal Year Ended December 31, 2018

This section of the report contains an overview and an analysis of the City of Atchison's financial statements for the fiscal year ended December 31, 2018. This document and the information contained in the transmittal letter are intended to provide the reader of the financial statements with a well-rounded picture of the City's financial condition.

Financial Highlights

- The City's total assets exceeded its total liabilities by \$43,969,913. Of this amount, \$4,033,777 of unrestricted net position may be used to meet the City's ongoing obligations.
- The net position of the City's governmental activities increased by \$438,853 (or 2.5%) while the net position of business activities increased by \$1,144,455 (or 3.7%).
- At the end of 2018 the total fund balance for the general fund was \$2,846,454 which is 37% of general fund expenditures.

Overview of the Financial Statements

The City's basic financial statements include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the basic financial statements and are essential for understanding them. The report also contains additional supplementary information to assist the reader.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Atchison's finances, in a manner similar to private-sector businesses.

The Statement of Net Position presents information for the assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them reported as net position. Increases or decreases in net position may serve as a useful indicator over time of whether the financial position of the City of Atchison is improving or deteriorating.

The Statement of Activities shows the revenues and expenses related to specific programs, and how the government's net position changed during the fiscal year. This statement is presented on the accrual basis so that transactions are reflected as they occur, and not as cash is impacted.

Both statements distinguish functions of the City that are supported by taxes and intergovernmental revenues from functions that recover their costs through user fees and charges. The governmental activities include general government, public safety, public works, and parks and recreation. The business-type activities include the water and wastewater utilities and refuse operations. Business activities are operations that are intended to recover most, if not all, of their costs through user fees and charges.

The government-wide financial statements include a city library as a discretely presented component unit. See note 1 to the financial statements for a more complete description of the relationship between this entity and the City.

Fund Financial Statements

A fund is a fiscal entity with accounts for recording balances of resources, liabilities, equity, revenues and expenditures. Funds are segregated for specific activities or objectives, in accordance with regulations, restrictions or limitations. City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental fund financial statements are prepared on the modified accrual basis. Under this approach, revenues are recognized when measurable and available, and expenditures are recognized when the related fund liabilities are incurred except for capital outlays and long-term debt and other similar items that are recorded when due. Governmental funds are used to account for essentially the same functions included in the government-wide financial statements, but the focus is on the short-term financial condition rather than the City as a whole. The reconciliation at the end of the fund financial statements explains the relationship between governmental fund financial statements and government-wide financial statements.

The City maintains one type of proprietary fund, enterprise funds. The City uses enterprise funds to account for its water and wastewater utilities and refuse operations. These funds are prepared on the accrual basis of accounting and present the same information included in the government-wide financial statements in greater detail.

Fiduciary funds are used by the City to account for resources held for the benefit of third parties. Because the resources of these funds are not available for the City's operations, they are not presented in the government-wide financial statements. The Fiduciary funds include the Amelia Earhart Festival, Santa Fe Depot Enhancement, Veterans Memorial Park, Jackson Park Revitalization, and the White Clay Watershed District funds. A combining statement can be found in the supplementary information following the notes to the financial statements.

Notes to the Financial Statements

The notes are an integral part of the financial statements and provide essential information for a full understanding of the data provided in those statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the City's progress in funding its obligation to provide pension and post-employment benefits to its employees and the City's general fund budgeted and actual expenditures. The combining statements for the combined general fund and non-major funds are included after the required supplementary information. The Statistical section of the report includes historical financial information and other data about the City.

Analysis of the Government-wide Statements

Net Position

Net position may serve as a useful indicator of the City's financial condition. The City's government-wide net position increased by \$1,496,028 or 3.5% for the fiscal year ended December 31, 2018. The largest portion of the City's net position (90%) is in capital assets (land, buildings, infrastructure, vehicles and machinery and equipment); less any debt related to those assets still outstanding.

Combined Net Position of the City at December 31 was:

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 9,094,159	\$ 9,437,708	\$ 6,384,220	\$ 6,708,649	\$ 15,478,379	\$ 16,146,357
Capital assets	<u>25,655,058</u>	<u>24,043,002</u>	<u>33,863,948</u>	<u>34,093,663</u>	<u>59,519,006</u>	<u>58,136,665</u>
Total assets	<u>34,749,217</u>	<u>33,480,710</u>	<u>40,248,168</u>	<u>40,802,312</u>	<u>74,997,385</u>	<u>74,283,022</u>
Deferred outflows of resources	<u>1,462,409</u>	<u>1,701,107</u>	<u>249,118</u>	<u>355,826</u>	<u>1,711,527</u>	<u>2,056,933</u>
Long-term liabilities	12,866,327	12,485,272	14,025,388	15,693,155	26,891,715	28,178,427
Other liabilities	<u>1,025,044</u>	<u>780,089</u>	<u>389,357</u>	<u>480,362</u>	<u>1,414,401</u>	<u>1,260,451</u>
Total liabilities	<u>13,891,371</u>	<u>13,265,361</u>	<u>14,414,745</u>	<u>16,173,517</u>	<u>28,306,116</u>	<u>29,438,878</u>
Deferred inflows of resources	<u>4,229,706</u>	<u>4,177,480</u>	<u>203,177</u>	<u>249,712</u>	<u>4,432,883</u>	<u>4,427,192</u>
Net position:						
Net investment in capital assets	18,927,532	17,551,340	20,693,940	19,304,454	39,621,472	36,855,794
Restricted	314,664	164,562	-	-	314,664	164,562
Unrestricted	<u>(1,151,647)</u>	<u>23,074</u>	<u>5,185,424</u>	<u>5,430,455</u>	<u>4,033,777</u>	<u>5,453,529</u>
Total Net Position	<u>\$ 18,090,549</u>	<u>\$ 17,738,976</u>	<u>\$ 25,879,364</u>	<u>\$ 24,734,909</u>	<u>\$ 43,969,913</u>	<u>\$ 42,473,885</u>

Governmental Activities

The City's governmental activities ended 2018 with positive net position. Cash balances decreased by \$588,378 or 10.2%, compared to a 14.9% increase from 2016 to 2017. The cash balance decrease is attributable in large part to capital projects spending. The 2017 street improvement project had to be halted late in the year and was finished, and paid for, during 2018. Capital assets increased by \$1,612,056, or 6.7%, because of the many street and sidewalk improvement projects that were completed in 2018. The largest completed projects in 2018 were the partial parallel taxiway reconstruction at the airport, the relocation and upgrade of the airport fuel tanks, the 2017 street improvement program and the US Highway 73 underdrain improvement project.

Total Liabilities increased by \$626,010 or 4.7%. Short-term liabilities which include accounts payable and accrued interest payable increased by \$244,955 or 31.4%. Long-term liabilities increased by \$381,055 or 3.2%. The major factor in the increase in liabilities is the issuance of \$2,370,000 in Sales Tax Special Obligation Revenue (STAR) Bonds. The bonds are to be used to finance the construction of shelter structures at the Atchison Farmers Market and a portion of the costs of the Amelia Earhart Museum which will be located at the City's Amelia Earhart Airport. STAR bonds are repaid from the proceeds of the City's and the State's share of sales taxes generated in the STAR bond district. The City's proportional share of the outstanding obligation is \$758,400.

Business-type activities

The City's business-type activities ended 2018 with positive net position.

- The total cash position decreased by \$314,058, or 5.6%. Receipts from customers increased in 2018 by 3.2% and operating expenses increased by 9%. Rates for water were increased by 1% while wastewater and combined sewer overflow charges were increased by 2% in 2018. The bulk of the cash balance decrease is in the wastewater fund. The City's consent agreement with the Kansas Department of Health and Environment (KDHE) had required raising revenues to a target of \$3.1 million per year by 2017. That requirement was waived by KDHE in early 2017 as the City has continued to meet project targets to separate the combined sewer system. In 2018 the City completed several CSO and wastewater projects: the 800 Commercial Street separation, bio-tower media rehabilitation and sewer line replacements. The Dam 6 sewer separation project was in progress at the end of 2018 and the City anticipates completing Phase I of construction in 2019. As anticipated the cash balance in the fund was reduced as we paid for these and other related projects.
- Capital assets decreased by \$229,715 or .7%. After several years of large water system improvements, the increase accumulated depreciation outstripped any new capital asset additions in 2018.
- Total liabilities decreased by \$1,758,772 or 10.9%. The City did not issue any additional debt in 2018 for business activities. The decrease in liabilities is due to the regular principal payments on revolving loans and bonded debt.

Statement of Activities

Changes in net assets of the City for the years ended December 31 were:

<u>Changes in Net Position</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 778,811	\$ 834,642	\$ 7,075,139	\$ 6,854,690	\$ 7,853,950	\$ 7,689,332
Operating grants and contributions	948,772	947,573	-	-	948,772	947,573
Capital grants and contributions	1,033,570	722,660	-	2,725,030	1,033,570	3,447,690
General revenues:						
Property taxes	3,564,294	3,470,664	-	-	3,564,294	3,470,664
Other taxes	3,416,502	3,275,073	1,056,145	1,057,363	4,472,647	4,332,436
Unrestricted investment earnings	125,321	69,814	116,372	59,758	241,693	129,572
Other	11,987	79,454	18,800	14,725	30,787	94,179
Total revenues	<u>9,879,257</u>	<u>9,399,880</u>	<u>8,266,456</u>	<u>10,711,566</u>	<u>18,145,713</u>	<u>20,111,446</u>
Expenses:						
General government	3,811,037	3,333,475	-	-	3,811,037	3,333,475
Public safety	3,607,731	3,321,488	-	-	3,607,731	3,321,488
Public works	1,873,168	1,972,702	-	-	1,873,168	1,972,702
Parks and recreation	697,459	377,475	-	-	697,459	377,475
Interest on long-term debt	269,729	213,234	-	-	269,729	213,234
Water	-	-	3,246,144	3,105,512	3,246,144	3,105,512
Wastewater	-	-	2,062,169	1,908,248	2,062,169	1,908,248
Refuse	-	-	994,968	941,619	994,968	941,619
Total expenses	<u>10,259,124</u>	<u>9,218,374</u>	<u>6,303,281</u>	<u>5,955,379</u>	<u>16,562,405</u>	<u>15,173,753</u>
Increase in net position before transfers	(379,867)	181,506	1,963,175	4,756,187	1,583,308	4,937,693
Transfers	<u>818,720</u>	<u>923,782</u>	<u>(818,720)</u>	<u>(923,782)</u>	<u>-</u>	<u>-</u>
Change in net position	438,853	1,105,288	1,144,455	3,832,405	1,583,308	4,937,693
Net position, beginning as previously stated	17,738,976	16,542,347	24,734,909	20,902,504	42,473,885	37,444,851
Prior period adjustments	(87,280)	91,341	-	-	(87,280)	91,341
Net position, beginning as restated	<u>17,651,696</u>	<u>16,633,688</u>	<u>24,734,909</u>	<u>20,902,504</u>	<u>42,386,605</u>	<u>37,536,192</u>
Net position, ending	<u>\$ 18,090,549</u>	<u>\$ 17,738,976</u>	<u>\$ 25,879,364</u>	<u>\$ 24,734,909</u>	<u>\$ 43,969,913</u>	<u>\$ 42,473,885</u>

Governmental Activities

- Total revenues from governmental programs increased by \$479,377, or 5.1%. Charges for services decreased by 5%, but this is offset by an increase in capital grants and contributions as well as smaller increases in tax collections. A large write-off of nuisance abatements due to tax sales drove the decreases in charges for services. Nuisance abatement activity in 2018 was higher than 2017 with 7 house demolitions versus just 3 in 2017 but the tax sale write-offs dwarfed all the new activity. The increase in capital grants and contributions is because the City continued with grant

funded projects in 2018. The airport runway and fuel tank projects were grant funded as well as a sidewalk project that was completed using Community Development Block Grant funding. Property tax collections increased by 2.7% based on increased valuation (see below for more detail) and strong delinquent tax collections. Sales tax collections also increased by 2.1% on the strength of an improving local economy.

- Total expenses increased by \$1,040,750, or 11.3%. There were no major changes to operations in 2018 but positions in the City Manager and Finance Departments were filled after nearly a year of vacancies. Just a bit less than half of the increased spending is related to expenditures of Network Kansas E- Community loan funds. These funds are low-interest loans to local businesses that are funded by Network Kansas via the sale of tax credits. Some of the loans went to existing business for expansion and others went to new ventures in the City. There is corresponding revenue related to this program as the City merely acts as a conduit for the loans. The compensated absence expenses for public safety increased mainly because we began accounting for comp time in addition to vacation and sick time. The rest of the increase in expenses is related to project spending including the amount spent on projects being financed by STAR bonds.
- The tables below compare the mill levies and the related assessed values for the 2017 and 2018 budget. Per the County Appraiser, assessed values increased slightly however the value of property in the Neighborhood Revitalization program decreased again in 2018. The owners of the property enjoy tax rebates for up to 10 years after construction or improvements to the property, but the improved value of the property is added back to the tax rolls based on the program's graduated rebate schedule. The net impact of the changes is a net increase in valuation of 3.7%. As noted in the table below, the mill levy increased slightly.

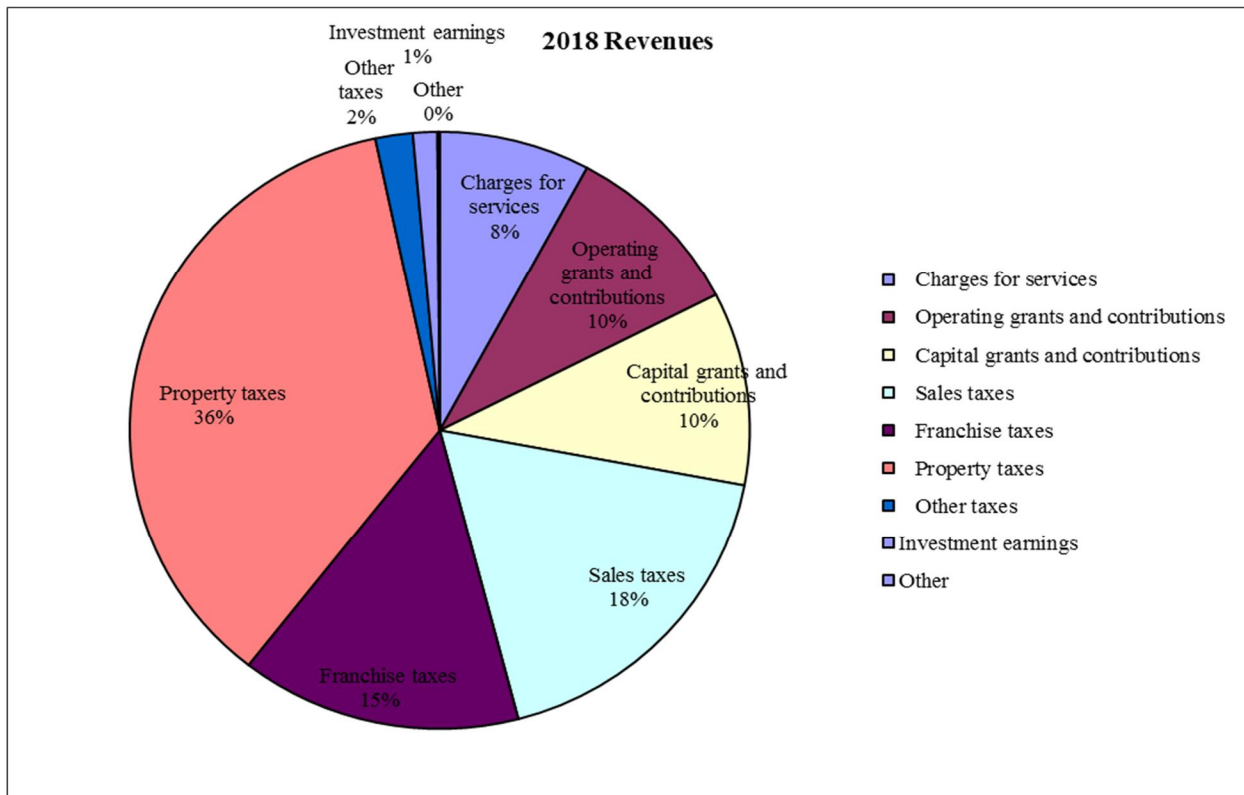
Mill Levy Rates 2017 and 2016

	2017 Levy to support 2018 Budget	2016 Levy to support 2017 Budget
General fund	36.151	36.148
Debt service	10.805	10.801
Library	7.003	7.000
	<u>53.959</u>	<u>53.949</u>

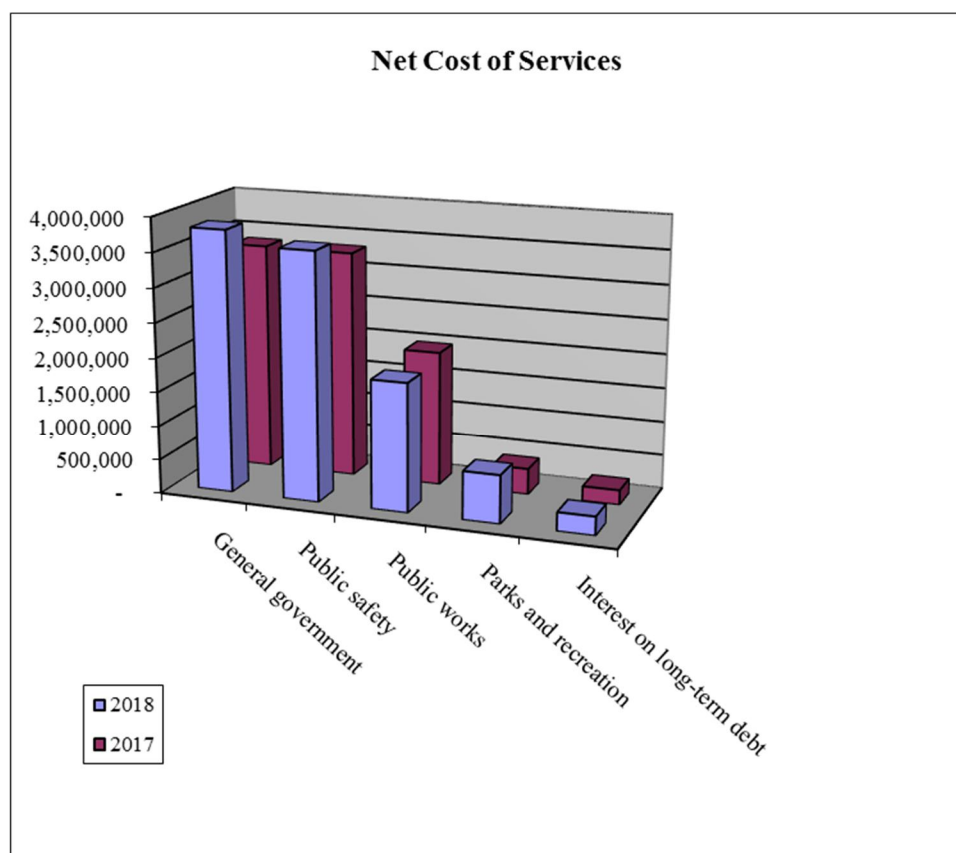
Assessed Valuation 2017 and 2016

	2017 Valuation to support 2018 Budget	2016 Valuation to support 2017 Budget	Increase / (Decrease) Over Prior Year	% Change
Real Estate	\$63,765,522	\$ 62,446,658	\$ 1,318,864	2.11%
Personal	3,469,399	3,552,787	(83,388)	-2.35%
Utilities	6,915,667	6,552,359	363,308	5.54%
Neighborhood revitalization	<u>(6,024,109)</u>	<u>(6,870,472)</u>	<u>846,363</u>	<u>-12.32%</u>
	<u>\$68,126,479</u>	<u>\$ 65,681,332</u>	<u>\$ 2,445,147</u>	<u>3.72%</u>

The following graph illustrates the composition of 2018 primary government revenues.



The following graph compares the net cost of services for governmental activities in 2018 and 2017:



The total cost of services in 2018 was \$10,259,124; however, \$2,761,153 was funded by users directly benefiting from the services, or by other organizations through operating and capital grants and contributions. The City's taxpayers, primarily through property taxes, franchise fees and sales taxes, paid the remaining \$7,497,971 of these services.

Business-type Activities

- Total revenues for business activities decreased by \$2,445,110 or 22.8%. The decrease is entirely due to principal forgiveness on a state revolving loan that was recognized in 2017. Revenue from charges for services increased 3.2% due to rate increases: water 1%, wastewater and CSO fees by 2% each. Sales tax collections used to fund the solid waste department decreased slightly by \$1,218.
- Expenses for business-type activities increased by \$347,902 (5.8%). Chemical costs for water treatment increased significantly in 2018 due to weather and Missouri River conditions. There was also an increase in the funds paid to Atchison County for the City's share of operating the solid waste transfer station and law enforcement joint communications center. Finally, depreciation expenses increased again in 2018, particularly, in the wastewater fund, as the City continues to upgrade and improve those systems.

Analysis of the Fund Financial Statements

The City uses fund accounting to enhance and demonstrate fiscal responsibility and compliance with finance related legal requirements.

	<u>Total Fund Balance at December 31</u>		<u>Unrestricted Fund Balance at December 31</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General	\$ 2,846,454	\$ 2,670,491	\$ 2,846,454	\$ 2,670,491
Capital Projects	1,656,145	2,666,976	1,123,025	2,666,976
Water	13,814,583	13,026,562	1,296,140	1,428,579
Wastewater	11,614,867	11,242,723	3,434,452	3,537,186
Refuse	449,914	465,624	454,832	464,690
Total	<u>\$ 30,381,963</u>	<u>\$ 30,072,376</u>	<u>\$ 9,154,903</u>	<u>\$ 10,767,922</u>

Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information about current inflows, outflows and balances of spendable resources. The unrestricted fund balance is a helpful measure of the City's resources available for expenditure at the end of the year. Overall, the City's major funds experienced a 1.1% increase in total fund balance because of 2018 operations.

The general fund is the main operating fund of the City. At December 31, 2018, the unassigned balance for the general fund was \$2,342,221. To assess the liquidity of a fund it may be useful to compare the fund balance (total and unassigned) to the fund's total expenditures. For 2018, the unassigned fund balance is 30% of fund expenditures and the total fund balance is 37% of expenditures. The General Fund balance increased by 6.6% from 2017. General fund revenues increased by 3.0% and expenditures decreased by 3.2%. Other financing sources were greatly reduced due to changes in amounts transferred in and out of the funds and because of insurance proceeds for the damaged Library roof that were received in 2017.

There was a decrease in the capital projects fund balance of 37.9%. The capital projects fund does not lend itself to year over year comparison because project spending tends to vary depending upon the priorities of the City Commission and the resources available. The 2017 fund balance was higher than normal because the street improvement project slated for that year was not finished due to the weather. A general obligation bond of \$1.2 million had been issued to fund the improvement project and the unspent proceeds remained in the fund balance until the project could be completed in 2018.

The Water Fund balance increased 6.0% to \$13,814,583. The operating revenues and expenses of the water fund remained steady with revenues increasing by less than 3% and operating expenses, less depreciation, increasing by 7.6%. Most of the increase in the fund balance is attributable to the decrease in debt related liabilities. The remaining water system general obligation bond was retired in 2018 and regular debt service payments were made on the State Revolving Loans with no additional borrowing made in 2018.

The Wastewater Fund balance increased 3.3%, to \$11,614,867. Revenues increased by 3.4% while expenses increased by 15%. The fund still had an operating income of \$729,320 at year end.

The Refuse Fund balance decreased 3.3% to \$449,914. The revenues sources for this fund remain basically flat while expenses increased. Personnel costs decreased slightly due to personnel changes in 2018 but this savings was eclipsed by contractual services increases, specifically an increased payment to Atchison County due under the terms of an agreement to fund the transfer station.

General Fund Budgetary Highlights

The following revenue and expenditure categories experienced significant differences between budgeted versus actual expenditures. Overall, the General Fund ended the year with a positive budget variance.

- Sales taxes and Franchise Fees: sales taxes exceeded budget expectations in 2018 coming in 6% than budgeted. A stronger economy accounts for the increase. Franchise fees also came in 10% higher than budgeted which is attributed to warmer summer weather.
- Charges for services: the Atchison Event Center (AEC) had its best year since being taken over by the city, generating \$15,000 more in revenues than planned. The facility still operated at a loss and the City continues to search for ways to increase the revenues generated by the facility.
- Expenditures: Several departments experienced significant savings against budget:
 - City Manager: The City Manager position was vacant for the first three months of the year resulting in savings against budget.
 - Finance: the department director position was vacant for the first seven months of the year. The new Director of Administrative Services is responsible for Finance and Community Development and is funded half by each department's budget. Both factors led to significant savings against budget.
 - Community Development: Overall this department finished ahead of budget. Budget savings were experienced in expenditures on marketing and promotions, professional services and downtown activities. Additionally, the 2018 budget included \$10,000 for a Neighborhood assistance program and \$30,000 additional funds for extra code enforcement. These funds were not utilized due to lack of staffing resources to get the programs up and running. The personnel expenses were over budget due to the hiring of the new Director of Administrative Services in late July as noted above.
 - Police: Personnel costs were under budget. The department experienced turnover due to the retirements of long-time employees and the new hires are on the payroll at lower pay rates. The department did go over budget for materials and supplies like clothing and firearms which is also attributed to the personnel changes.
 - Atchison Event Center: The Event Center saw savings against budget for personnel due to the retirement of the Kitchen Manager and the elimination of a part-time marketing position.
 - General Government: the budget for payments to the Chamber of Commerce for tourism efforts was higher than what the eventual contracted payments turned out to be resulting in budget savings.
 - Engineering: The Engineering department incurred costs for professional services that were unplanned resulting in a budget shortfall in contractual services.
 - Fleet Maintenance: after several years of budget shortfalls the Fleet Maintenance budget for materials and supplies was increased in 2018 and the department finished the year under budget.

Capital Assets and Debt Administration

Capital Assets

The City's total investment in capital assets as of December 31, 2018 was \$59,519,006 (net of accumulated depreciation). This is a 2.4% increase from 2017. A breakdown of assets by category is presented below.

<u>Capital Assets</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 2,555,008	\$ 2,555,008	\$ 101,537	\$ 101,537	\$ 2,656,545	\$ 2,656,545
Construction in Progress	913,343	1,572,001	982,320	1,440,442	1,895,663	3,012,443
Buildings and systems	3,914,665	4,041,315	30,570,901	30,370,540	34,485,566	34,411,855
Improvements	5,350,408	4,754,139	-	-	5,350,408	4,754,139
Machinery and equipment	1,312,413	1,443,593	2,209,190	2,181,444	3,521,603	3,625,037
Infrastructure	11,609,221	9,676,946	-	-	11,609,221	9,676,946
	<u>\$ 25,655,058</u>	<u>\$ 24,043,002</u>	<u>\$ 33,863,948</u>	<u>\$34,093,963</u>	<u>\$ 59,519,006</u>	<u>\$ 58,136,965</u>

There were several projects in progress at the end of 2017 that were completed in 2018: the partial parallel taxiway at the Amelia Earhart airport, a street improvement project that had to be halted due to cold weather, the US Highway 73 underdrain improvement project, the 800 Commercial CSO and streetscape project and the bio-tower media rehabilitation. This accounts for the significant decrease in Construction in Progress and corresponding increase in the Infrastructure and Improvements categories. Other significant projects completed during 2018 include the relocation and upgrade of the fuel tanks at the airport, a mill and overlay of portions of US 73, a water main replacement on South 7th Street, a large sidewalk improvement project, and a storm sewer project on Laramie Street.

Additional information regarding the City's capital assets can be found in Notes 1 and 5 in the notes to the financial statements.

Debt Administration

Long-term debt – The outstanding general obligation bonds at December 31, 2018 totaled \$5,821,292. The bonds supported by revenues of business activities were paid off completely in 2018. The City also has loans with the State Revolving Loan Fund in the amount of \$12,904,356. These loans were used to finance water and wastewater system improvements. In 2017, Moody's Investor Services gave the City an "A1" credit rating, positively impacting rates for future bond issuances.

The ratio of general obligation bonded debt to assessed valuation and the amount of bonded debt per capita provide useful indicators of the City's debt position to citizens, elected officials, City management and investors. This data for the City at the end of 2018 is presented below.

	Net General Obligation Debt	Ratio of Debt To Assessed Value	Debt Per Capita
2018	\$5,821,292	8.54%	\$551

State statutes limit net general obligation debt to 30 percent of assessed value. At December 31, 2018 taxable assessed valuation was \$68,126,479 and net bonded debt was \$5,582,676. The City's debt margin totaled \$14,855,268.

Additional information regarding the City's debt can be found in Note 10 in the notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. In compliance with the Kansas Open Records Act, questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, 515 Kansas Avenue, Atchison, Kansas 66002.

Basic Financial Statements

2018

CITY OF ATCHISON, KANSAS
STATEMENT OF NET POSITION

December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
Assets:				
Cash and cash equivalents	\$ 4,601,648	\$ 5,297,278	\$ 9,898,926	\$ 269,152
Restricted cash and investments	533,120	-	533,120	-
Receivables, net of allowance for uncollectibles:				
Taxes	3,621,598	180,566	3,802,164	507,886
Intergovernmental	233,609	3,254	236,863	-
Accounts	55,317	903,122	958,439	-
Loans	48,867	-	48,867	-
Capital assets, net of accumulated depreciation:				
Land	2,555,008	101,537	2,656,545	8,995
Construction in progress	913,343	982,320	1,895,663	-
Books	-	-	-	49,888
Buildings and systems	3,914,665	30,570,901	34,485,566	824,192
Improvements	5,350,408	-	5,350,408	-
Machinery and equipment	1,312,413	2,209,190	3,521,603	55,573
Infrastructure	11,609,221	-	11,609,221	-
Total assets	<u>34,749,217</u>	<u>40,248,168</u>	<u>74,997,385</u>	<u>1,715,686</u>
Deferred outflows of resources:				
Deferred outflows - OPEB	48,078	-	48,078	-
Deferred outflows - pension	1,414,331	249,118	1,663,449	31,691
Total deferred outflows of resources	<u>1,462,409</u>	<u>249,118</u>	<u>1,711,527</u>	<u>31,691</u>
Liabilities:				
Accounts payable	770,441	224,626	995,067	4,425
Accrued liabilities	107,678	29,931	137,609	10,726
Accrued interest payable	146,925	134,800	281,725	-
Noncurrent liabilities:				
Due within one year	756,677	786,000	1,542,677	5,959
Due in more than one year	12,109,650	13,239,388	25,349,038	207,195
Total liabilities	<u>13,891,371</u>	<u>14,414,745</u>	<u>28,306,116</u>	<u>228,305</u>
Deferred inflows of resources:				
Deferred receivable - property taxes	3,224,907	-	3,224,907	507,886
Deferred inflows - OPEB	181,974	-	181,974	-
Deferred inflows - pension	822,825	203,177	1,026,002	28,306
Total deferred inflows of resources	<u>4,229,706</u>	<u>203,177</u>	<u>4,432,883</u>	<u>536,192</u>
Net position:				
Net investment in capital assets	18,927,532	20,693,940	39,621,472	938,648
Restricted for:				
Substance abuse prevention and emergency shelter	8,660	-	8,660	-
Capital projects and maintenance	76,726	-	76,726	-
Debt service	91,691	-	91,691	-
Library projects	-	-	-	24,357
Public safety	16,426	-	16,426	-
Parks and recreation facilities	121,161	-	121,161	-
Unrestricted	(1,151,647)	5,185,424	4,033,777	19,875
Total net position	<u>\$ 18,090,549</u>	<u>\$ 25,879,364</u>	<u>\$ 43,969,913</u>	<u>\$ 982,880</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

					Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Program Revenues						Component
		Charges for Services	Operating	Capital	Primary Government			Unit
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	Public Library
Primary government:								
Governmental activities:								
General government	\$ 3,811,037	\$ 345,724	\$ 610,181	\$ 37,159	\$ (2,817,973)	\$ -	\$ (2,817,973)	\$ -
Public safety	3,607,731	71,745	18,409	-	(3,517,577)	-	(3,517,577)	-
Public works	1,873,168	361,342	289,962	996,411	(225,453)	-	(225,453)	-
Parks and recreation	697,459	-	30,220	-	(667,239)	-	(667,239)	-
Interest on long-term debt	269,729	-	-	-	(269,729)	-	(269,729)	-
Total governmental activities	<u>10,259,124</u>	<u>778,811</u>	<u>948,772</u>	<u>1,033,570</u>	<u>(7,497,971)</u>	<u>-</u>	<u>(7,497,971)</u>	<u>-</u>
Business-type activities:								
Water	3,246,144	4,334,769	-	-	-	1,088,625	1,088,625	-
Wastewater	2,062,169	2,731,147	-	-	-	668,978	668,978	-
Refuse	994,968	9,223	-	-	-	(985,745)	(985,745)	-
Total business-type activities	<u>6,303,281</u>	<u>7,075,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>771,858</u>	<u>771,858</u>	<u>-</u>
Total primary government	<u>\$ 16,562,405</u>	<u>\$ 7,853,950</u>	<u>\$ 948,772</u>	<u>\$ 1,033,570</u>	<u>(7,497,971)</u>	<u>771,858</u>	<u>(6,726,113)</u>	<u>-</u>
Component unit:								
Public Library	<u>\$ 602,384</u>	<u>\$ 14,386</u>	<u>\$ 49,554</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(538,444)</u>
General revenues:								
Property taxes					3,564,294	-	3,564,294	531,444
Sales taxes					1,775,424	1,056,145	2,831,569	-
Franchise taxes					1,448,526	-	1,448,526	-
Guest taxes					168,245	-	168,245	-
Payment in lieu of taxes					24,307	-	24,307	-
Unrestricted investment earnings					125,321	116,372	241,693	946
Gain on sale of capital assets					11,987	18,800	30,787	-
Transfers					818,720	(818,720)	-	-
Total general revenues and transfers					<u>7,936,824</u>	<u>372,597</u>	<u>8,309,421</u>	<u>532,390</u>
Change in net position					<u>438,853</u>	<u>1,144,455</u>	<u>1,583,308</u>	<u>(6,054)</u>
Net position, beginning of year as previously stated					<u>17,738,976</u>	<u>24,734,909</u>	<u>42,473,885</u>	<u>988,934</u>
Prior period adjustment					<u>(87,280)</u>	<u>-</u>	<u>(87,280)</u>	<u>-</u>
Net position, beginning of year as restated					<u>17,651,696</u>	<u>24,734,909</u>	<u>42,386,605</u>	<u>988,934</u>
Net position, end of year					<u>\$ 18,090,549</u>	<u>\$ 25,879,364</u>	<u>\$ 43,969,913</u>	<u>\$ 982,880</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2018

	General*	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 2,841,840	\$ 1,182,207	\$ 577,601	\$ 4,601,648
Restricted cash and investments	-	533,120	-	533,120
Receivables (net of allowance for uncollectibles):				
Taxes	2,956,602	-	664,996	3,621,598
Intergovernmental	-	228,564	5,045	233,609
Accounts	55,317	-	-	55,317
Loans	48,867	-	-	48,867
Total assets	<u>\$ 5,902,626</u>	<u>\$ 1,943,891</u>	<u>\$ 1,247,642</u>	<u>\$ 9,094,159</u>
Liabilities, deferred inflows of resources, and fund balances:				
Liabilities:				
Accounts payable	\$ 388,583	\$ 287,746	\$ 94,112	\$ 770,441
Accrued payroll	107,678	-	-	107,678
Total liabilities	<u>496,261</u>	<u>287,746</u>	<u>94,112</u>	<u>878,119</u>
Deferred inflows of resources:				
Unavailable revenue-property taxes	<u>2,559,911</u>	<u>-</u>	<u>664,996</u>	<u>3,224,907</u>
Fund balances:				
Restricted:				
Substance abuse prevention and emergency shelter	-	-	8,660	8,660
Capital projects and maintenance	-	-	76,726	76,726
Public safety	-	-	16,426	16,426
Parks and recreation facilities	-	-	121,161	121,161
Debt service	-	533,120	238,616	771,736
Assigned:				
Purchases on order - finance	46,156	-	-	46,156
Subsequent year's budget- appropriation of fund balance	458,077	1,123,025	26,945	1,608,047
Unassigned	<u>2,342,221</u>	<u>-</u>	<u>-</u>	<u>2,342,221</u>
Total fund balances	<u>2,846,454</u>	<u>1,656,145</u>	<u>488,534</u>	<u>4,991,133</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,902,626</u>	<u>\$ 1,943,891</u>	<u>\$ 1,247,642</u>	<u>\$ 9,094,159</u>

* See the General Fund Combining Balance Sheet on page 107.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2018

Total fund balance in governmental funds balance sheet	\$ 4,991,133
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,655,058
Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then.	1,462,409
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(13,013,252)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then.	<u>(1,004,799)</u>
Net position of governmental activities	<u>\$ 18,090,549</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended December 31, 2018

	General*	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 2,745,961	\$ -	\$ 818,333	\$ 3,564,294
Sales	1,769,090	6,334	-	1,775,424
Franchise	1,448,526	-	-	1,448,526
Transient guest	160,714	7,531	-	168,245
Payments in lieu of taxes	24,307	-	-	24,307
Intergovernmental	93,380	895,123	897,292	1,885,795
Licenses and permits	74,921	-	-	74,921
Charges for services	376,994	-	-	376,994
Fines and fees	181,289	-	-	181,289
Interest on investments	73,274	35,778	16,269	125,321
Other	73,685	75,877	68,578	218,140
Total revenues	<u>7,022,141</u>	<u>1,020,643</u>	<u>1,800,472</u>	<u>9,843,256</u>
Expenditures:				
Current:				
General government	2,139,817	245,584	807,196	3,192,597
Public works	1,342,334	45,316	-	1,387,650
Public safety	3,143,577	-	9,574	3,153,151
Parks and recreation	610,546	-	4,824	615,370
Debt service:				
Principal	16,177	-	505,000	521,177
Interest and fiscal charges	4,840	-	178,312	183,152
Capital outlay	473,460	3,317,784	4,624	3,795,868
Total expenditures	<u>7,730,751</u>	<u>3,608,684</u>	<u>1,509,530</u>	<u>12,848,965</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(708,610)</u>	<u>(2,588,041)</u>	<u>290,942</u>	<u>(3,005,709)</u>
Other financing sources (uses):				
Sale of capital assets	39,444	-	-	39,444
Insurance recoveries	4,381	-	-	4,381
Issuance of sales tax special obligation revenue bonds	-	758,400	-	758,400
Transfers in	1,082,929	818,810	-	1,901,739
Transfers out	(242,181)	-	(82,500)	(324,681)
Total other financing sources (uses)	<u>884,573</u>	<u>1,577,210</u>	<u>(82,500)</u>	<u>2,379,283</u>
Net change in fund balances	175,963	(1,010,831)	208,442	(626,426)
Fund balances, beginning of year	2,670,491	2,666,976	280,092	5,617,559
Fund balances, end of year	<u>\$ 2,846,454</u>	<u>\$ 1,656,145</u>	<u>\$ 488,534</u>	<u>\$ 4,991,133</u>

*See the General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balances on page 108.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds	\$ (626,426)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	1,612,056
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(235,864)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(310,913)</u>
Change in net position of governmental activities	<u><u>\$ 438,853</u></u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2018

	Water	Wastewater	Refuse	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,424,201	\$ 3,450,398	\$ 422,679	\$ 5,297,278
Receivables (net of allowance for uncollectibles):				
Accounts	553,884	347,575	1,663	903,122
Sales tax	-	-	180,566	180,566
Intergovernmental	3,254	-	-	3,254
Total current assets	1,981,339	3,797,973	604,908	6,384,220
Noncurrent assets:				
Capital assets:				
Land	84,396	17,141	-	101,537
Buildings and systems	34,462,680	19,285,465	-	53,748,145
Machinery and equipment	2,428,446	1,807,930	762,935	4,999,311
Construction in progress	33,864	948,456	-	982,320
Less accumulated depreciation	(13,569,362)	(11,854,489)	(543,514)	(25,967,365)
Total noncurrent assets	23,440,024	10,204,503	219,421	33,863,948
Total assets	25,421,363	14,002,476	824,329	40,248,168
Deferred outflows of resources:				
Deferred outflows - pension	125,569	80,660	42,889	249,118
Total deferred outflows of resources	125,569	80,660	42,889	249,118
Liabilities:				
Current liabilities:				
Accounts payable	96,987	104,686	22,953	224,626
Accrued payroll	20,171	6,086	3,674	29,931
Accrued interest payable	116,032	18,768	-	134,800
Accrued compensated absences - current	32,632	5,946	6,873	45,451
Loans payable - current	584,496	-	-	584,496
Leases payable - current	-	41,313	114,740	156,053
Total current liabilities	850,318	176,799	148,240	1,175,357
Noncurrent liabilities:				
Accrued compensated absences	51,030	2,946	5,022	58,998
Net pension liability	379,324	250,352	121,255	750,931
Loans payable	10,337,085	1,982,775	-	12,319,860
Leases payable	-	-	109,599	109,599
Total noncurrent liabilities	10,767,439	2,236,073	235,876	13,239,388
Total liabilities	11,617,757	2,412,872	384,116	14,414,745
Deferred inflows of resources:				
Deferred inflows - pension	114,592	55,397	33,188	203,177
Net position:				
Net investment in capital assets	12,518,443	8,180,415	(4,918)	20,693,940
Unrestricted	1,296,140	3,434,452	454,832	5,185,424
Total net position	\$ 13,814,583	\$ 11,614,867	\$ 449,914	\$ 25,879,364

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

Year Ended December 31, 2018

	Water	Wastewater	Refuse	Total
Operating revenues:				
Charges for sales and services	\$ 4,334,769	\$ 2,731,147	\$ 9,223	\$ 7,075,139
Operating expenses:				
Personnel services	631,972	629,907	249,627	1,511,506
Contractual services	311,776	347,873	593,631	1,253,280
Supplies	484,380	100,038	45,729	630,147
Utilities	340,734	228,372	7,948	577,054
Depreciation and amortization	1,161,904	695,637	93,165	1,950,706
Total operating expenses	2,930,766	2,001,827	990,100	5,922,693
Operating income (loss)	1,404,003	729,320	(980,877)	1,152,446
Nonoperating revenues (expenses):				
Sales tax revenue	-	-	1,056,145	1,056,145
Interest revenue	35,420	74,463	6,489	116,372
Sale of general capital assets	6,100	7,800	4,900	18,800
Interest expense	(315,378)	(60,342)	(4,868)	(380,588)
Total nonoperating revenues (expenses)	(273,858)	21,921	1,062,666	810,729
Income before transfers and capital contributions	1,130,145	751,241	81,789	1,963,175
Capital contributions	637,043	121,295	-	758,338
Transfers in	-	-	92,181	92,181
Transfers out	(979,167)	(500,392)	(189,680)	(1,669,239)
Change in net position	788,021	372,144	(15,710)	1,144,455
Net position, beginning of year	13,026,562	11,242,723	465,624	24,734,909
Net position, end of year	\$ 13,814,583	\$ 11,614,867	\$ 449,914	\$ 25,879,364

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended December 31, 2018

	Water	Wastewater	Refuse	Total
Cash flows from operating activities:				
Receipts from customers	\$ 4,334,154	\$ 2,739,330	\$ 8,614	\$ 7,082,098
Payments to suppliers	(1,121,171)	(774,235)	(646,078)	(2,541,484)
Payments to employees	(636,183)	(640,464)	(251,536)	(1,528,183)
Net cash provided by (used in) operating activities	2,576,800	1,324,631	(889,000)	3,012,431
Cash flows from noncapital financing activities:				
Proceeds from sales tax revenue	-	-	1,059,557	1,059,557
Transfers in from other funds	-	-	92,181	92,181
Transfers to other funds	(979,167)	(500,392)	(189,680)	(1,669,239)
Net cash provided by (used in) noncapital financing activities	(979,167)	(500,392)	962,058	(517,501)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(828,027)	(201)	(828,228)
Proceeds from sale of capital assets	6,100	7,800	4,900	18,800
Principal paid on general obligation bonds	(860,000)	-	-	(860,000)
Principal paid on capital debt	(569,585)	(180,769)	-	(750,354)
Principal paid on capital leases	-	(40,424)	(87,112)	(127,536)
Interest paid on capital debt	(311,121)	(62,053)	(4,868)	(378,042)
Net cash used in capital and related financing activities	(1,734,606)	(1,103,473)	(87,281)	(2,925,360)
Cash flows from investing activities:				
Interest received	35,420	74,463	6,489	116,372
Net decrease in cash and cash equivalents	(101,553)	(204,771)	(7,734)	(314,058)
Cash and cash equivalents and restricted cash, beginning of year	1,525,754	3,655,169	430,413	5,611,336
Cash and cash equivalents and restricted cash, end of year	\$ 1,424,201	\$ 3,450,398	\$ 422,679	\$ 5,297,278

(Continued)

CITY OF ATCHISON, KANSAS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (Continued)

Year Ended December 31, 2018

	Water	Wastewater	Refuse	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,404,003	\$ 729,320	\$ (980,877)	\$ 1,152,446
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Items not requiring cash:				
Depreciation and amortization expense	1,161,904	695,637	93,165	1,950,706
Changes in:				
Accounts receivable	(615)	8,183	(609)	6,959
Deferred outflows - pension	32,199	32,677	8,476	73,352
Accounts payable	15,719	(97,952)	1,230	(81,003)
Accrued compensated absences	4,654	2,888	998	8,540
Accrued payroll	4,432	47	593	5,072
Net pension liability	(25,068)	(25,439)	(6,599)	(57,106)
Deferred inflows - pension	(20,428)	(20,730)	(5,377)	(46,535)
Net cash provided by (used in) operating activities	<u>\$ 2,576,800</u>	<u>\$ 1,324,631</u>	<u>\$ (889,000)</u>	<u>\$ 3,012,431</u>

Noncash capital financing activities:

Contributions of capital assets of \$ 637,043 were acquired in the water fund from governmental funds.

Contributions of capital assets of \$ 121,295 were acquired in the wastewater fund from governmental funds.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2018

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	<u>\$ 262,585</u>
Liabilities:	
Due to others	<u>\$ 262,585</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2018

1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Atchison, Kansas (the City) was incorporated in 1858. The City operates under a City Commission - Manager form of government. The accompanying basic financial statements present the City (the primary government) and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for the description) to emphasize that it is legally separate from the City.

Discretely Presented Component Unit. The Public Library (the Library) is operated by a Library Board which is appointed by the City Commission. The City levies and collects a special library tax to subsidize the Library's operations. The Library's operating budget is limited to seven mills by charter ordinance of the City Commission. The City must approve acquisition or disposition of real property by the Library, but the Library owns the capital assets. Bond issuances must also be approved by the City. The Library is presented as a governmental fund type. Separately issued financial statements for the Library are not available.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency funds do not have a measurement focus and use the accrual basis of accounting to report their financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 90-day availability period is used for revenue recognition for all governmental funds revenues except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, public works, parks, recreation, and administration.

The capital projects fund is a fund used by the City for the acquisition and construction of major facilities other than those financed by the enterprise funds.

The City reports the following major proprietary funds:

The water fund accounts for the operation and maintenance activities of the City's water distribution system.

The wastewater fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment system.

The refuse fund accounts for the operation and maintenance of the City's refuse service.

Additionally, the City reports the following fund type:

Agency funds are used to report resources held by the City in a custodial capacity for remittance to private organizations. These funds are held on behalf of the Amelia Earhart Festival, Santa Fe Depot Enhancement, Veteran's Memorial Park, Jackson Park Revitalization, Fire Insurance Proceeds, and the White Clay Watershed District.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water/wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater and refuse funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Pooled Cash and Investments

Cash and cash equivalents of the individual funds are combined to form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "cash and cash equivalents" in the financial statements. These pooled funds consist of operating accounts. Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion and upon their average monthly equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2018, interest earnings allocated to the various funds were \$ 241,693.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Cash Flows Statement

For purposes of the cash flows statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable. At December 31, 2018, an allowance for uncollectible receivables of approximately \$ 839,000 has been recorded.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds unavailable revenue is reported as follows:

General fund property tax receivable	\$ 2,559,911
Debt service fund property tax receivable	<u>664,996</u>
	<u><u>\$ 3,224,907</u></u>

Property Taxes

The City's property taxes are levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by the Atchison County Assessor. The assessed value for property located in the City on which the 2018 levy was based was \$ 74,150,588.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The 2017 tax levy per \$ 1,000 of assessed valuation which supports the 2018 budget was as follows:

General Fund	\$ 36.151
Debt Service Fund	10.805
Component unit:	
Public Library	<u>7.003</u>
	<u>\$ 53.959</u>

Property taxes levied in prior years that remain uncollected are recorded as receivables, net of estimated uncollectibles.

Restricted Assets

Restricted investments consist of assets held by trustees for the sales tax special obligation revenue bonds.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$ 2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives.

Buildings and systems	20 - 40 years
Improvements	20 years
Machinery and equipment	3 - 10 years
Infrastructure	40 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has several items that qualify for reporting in this category. The first item is the deferred outflows – pension reported in the government-wide and proprietary fund statements of net position. The second item is deferred outflows - OPEB reported in the government-wide statement of net position. See Notes 6 and 7 for more information on the deferred outflows for the pension plan and OPEB, respectively.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has several types of items that qualify for reporting in this category. One item, *unavailable revenue/deferred receivable*, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds and activities report unavailable revenues from one source: property taxes. Governmental activities report a deferred receivable from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is deferred inflows for pension. See Note 6 and 7 for more information on the deferred inflows for the pension plan and OPEB, respectively.

Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee with twenty years of service or more will receive accumulated sick leave up to a maximum of 120 days and all accumulated vacation leave, provided the employee has met all conditions set forth in Section VI of the City's personnel policy. An employee with fifteen to twenty years of service will receive one-half of accumulated sick leave, which is limited to a maximum of forty-five days, and all accumulated vacation leave in the event of termination. An employee with ten to fifteen years of service will receive one-fourth of accumulated sick leave, which is limited to a maximum of fifteen days, and all accumulated vacation leave in the event of termination. All vacation leave is accrued when incurred and the varying amounts of accumulated sick leave are accrued upon attaining ten, fifteen and twenty years of service in the government-wide and proprietary financial statements. In the governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2018, fund balances for governmental funds are made up of the following:

Nonspendable fund balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance – includes amounts that can only be spent for specific purposes determined by a formal action (adoption of an ordinance) of the City's highest level of decision-making authority, the City Commission. Commitments may be changed or lifted only by the City Commission taking the same formal action that imposed the constraint originally.

Assigned fund balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Commission or (2) a body or official to which the City Commission has delegated the authority by resolution to assign amounts to be used for specific purposes.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Concentrations of Credit Risk

Unsecured credit is extended to customers for water and sewer fees and charges for services. Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Period Adjustment

Beginning net position on the statement of activities was restated to account for the long-term disability benefits sponsored by KPERS, to comply with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*. The effect of this restatement on the beginning net position was a decrease of \$ 87,280, which resulted from the OPEB liability being increased by \$ 83,156, and the related deferred inflow of resources being increased by \$ 4,124. There was no effect on current or prior year revenues or expenses as a result of this adjustment.

Pending Governmental Accounting Standards Board Statements

At December 31, 2018, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The requirements of this statement are effective for periods beginning after December 15, 2018.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, issued March 2018, clarifies which liabilities governments should include in their note disclosures related to debt. This Statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledged as collateral for debt and the terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowing and direct placements of debt from other debt. The requirements of this statement are effective for periods beginning after June 15, 2018.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the Statement are effective for reporting periods beginning after December 15, 2019.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ (13,013,252) difference are as follows:

Bonds payable	\$ (5,800,000)
Bond premium	(21,292)
Sales tax special obligation revenue bonds	(758,400)
Capital leases payable	(147,834)
Accrued interest payable	(146,925)
Compensated absences	(621,100)
Net pension liability	(4,763,009)
Total OPEB liability	<u>(754,692)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (13,013,252)</u></u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ 1,612,056 difference are as follows:

Capital outlay	\$ 2,904,228
Depreciation expense	<u>(1,292,172)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ 1,612,056</u></u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ (235,864) difference are as follows:

Principal repayments:	
General obligation bonds	\$ 505,000
Capital leases	16,177
Amortization of bond premium	1,359
Debt issued or incurred:	
Issuance of sales tax special obligation revenue bonds	<u>(758,400)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ (235,864)</u></u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$ (310,913) difference are as follows:

Compensated absences	\$ (147,012)
Accrued interest	(56,336)
Bond issuance costs	(31,599)
Pension contributions	(18,718)
Total OPEB liability	<u>(57,248)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ (310,913)</u></u>

3 - Stewardship, Compliance, and Accountability

Budgetary Information

Applicable Kansas statutes require that budgets be legally adopted for all funds unless exempted by a specific statute. Legal operating budgets are required for the General, Special Alcohol, Special Parks and Recreation, Motor Fuel, and the Debt Service Funds. Budgets are not required for the Law Enforcement, DARE, Grants, Insurance Reserve, Capital Projects, Municipal Equipment Reserve, Façade Improvements, Water, Wastewater, and Refuse Funds. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting - that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Stewardship, Compliance, and Accountability (Continued)

Budgetary Information (Continued)

The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

Kansas statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended December 31, 2018.

Under Kansas statutes management cannot amend the total budget of a fund without approval of the governing body; however, the statutes permit transferring budgeted amounts between line items within an individual fund or department. Therefore, the legal level of control is at the fund level for all legally adopted budgets. The City has elected to pursue a policy of requiring approval of the City Manager on major category changes exceeding \$ 5,000. City Commission approval is not needed for category changes or budget transfers between departments within the approved budget. Major category means total personnel services, total contractual services, total materials and supplies, total other charges, or total capital outlay.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At December 31, 2018, the City's deposits were not exposed to custodial credit risk. The deposits for the Library were not exposed to custodial credit risk.

Investments

As of December 31, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Money market mutual funds	\$ 458,676	< 1 year	Not rated
Money market account	<u>74,444</u>	< 1 year	Not rated
	<u><u>\$ 533,120</u></u>		

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

Credit risk

Kansas statutes authorize the City and the Library, with certain restrictions, to deposit or invest in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury Bills and Notes, the municipal investment pool, or to make direct investments. City Resolution 4896 further limits the investment of temporarily idle funds of the City to either, or all, of the following:

1. Direct obligations of the United States Government.
2. Temporary notes of the City.
3. Interest bearing certificates of deposit of the depository banks of the City.
4. Interest bearing accounts with federally insured savings and loan associations in such amounts not exceeding such federal insurance.

Concentrations of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's investments as of December 31, 2018 consisted entirely of money market mutual funds and a money market account.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates, but state statutes do establish a two-year limitation on investment maturities. In practice, the City does not exceed a one-year maturity when investing idle funds. The City is not exposed to significant interest rate risk.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

Fair Value Measurement – The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended December 31, 2018, the money market mutual funds were valued with quoted prices on the active market (Level 1 input). The money market account is considered a cash equivalent and is, therefore, not classified in the fair value hierarchy.

At December 31, 2018, the City's investments were categorized within the fair value hierarchy as follows:

Investment Type	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Money market mutual funds	\$ 458,676	\$ 458,676	\$ -	\$ -

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,555,008	\$ -	\$ -	\$ 2,555,008
Construction in progress	1,572,001	668,772	(1,327,430)	913,343
Total capital assets not being depreciated	4,127,009	668,772	(1,327,430)	3,468,351
Capital assets being depreciated:				
Buildings and systems	6,110,253	23,407	-	6,133,660
Improvements	8,616,902	947,105	-	9,564,007
Machinery and equipment	5,398,499	274,789	(87,948)	5,585,340
Infrastructure	24,252,293	2,325,412	-	26,577,705
Total capital assets being depreciated	44,377,947	3,570,713	(87,948)	47,860,712
Less accumulated depreciation for:				
Buildings and systems	(2,068,938)	(150,057)	-	(2,218,995)
Improvements	(3,862,763)	(350,836)	-	(4,213,599)
Machinery and equipment	(3,954,906)	(398,142)	80,121	(4,272,927)
Infrastructure	(14,575,347)	(393,137)	-	(14,968,484)
Total accumulated depreciation	(24,461,954)	(1,292,172)	80,121	(25,674,005)
Total capital assets being depreciated, net	19,915,993	2,278,541	(7,827)	22,186,707
Governmental activities capital assets, net	<u>\$ 24,043,002</u>	<u>\$ 2,947,313</u>	<u>\$ (1,335,257)</u>	<u>\$ 25,655,058</u>

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets (Continued)

Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 101,537	\$ -	\$ -	\$ 101,537
Construction in progress	1,440,442	116,072	(574,194)	982,320
Total capital assets not being depreciated	1,541,979	116,072	(574,194)	1,083,857
Capital assets being depreciated:				
Buildings and systems	52,002,876	1,745,269	-	53,748,145
Machinery and equipment	4,605,648	433,844	(40,181)	4,999,311
Total capital assets being depreciated	56,608,524	2,179,113	(40,181)	58,747,456
Less accumulated depreciation for:				
Buildings and systems	(21,632,336)	(1,544,908)	-	(23,177,244)
Machinery and equipment	(2,424,504)	(405,798)	40,181	(2,790,121)
Total accumulated depreciation	(24,056,840)	(1,950,706)	40,181	(25,967,365)
Total capital assets being depreciated, net	32,551,684	228,407	-	32,780,091
Business-type activities capital assets, net	\$ 34,093,663	\$ 344,479	\$ (574,194)	\$ 33,863,948

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 480,326
Public safety	82,088
Public works	262,880
Parks and recreation	466,878
Total depreciation expense - governmental activities	\$ 1,292,172
Business-type activities:	
Water	\$ 1,161,904
Wastewater	695,637
Refuse	93,165
Total depreciation expense - business-type activities	\$ 1,950,706

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets (Continued)

Discretely Presented Component Unit

Capital asset activity for the Library for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Library:				
Capital assets not being depreciated:				
Land	\$ 8,995	\$ -	\$ -	\$ 8,995
Capital assets being depreciated:				
Buildings and systems	1,245,853	10,247	-	1,256,100
Books	447,074	32,700	(27,149)	452,625
Machinery and equipment	182,475	-	-	182,475
Total capital assets being depreciated	1,875,402	42,947	(27,149)	1,891,200
Less accumulated depreciation for:				
Buildings and systems	(390,577)	(41,331)	-	(431,908)
Books	(394,289)	(35,597)	27,149	(402,737)
Machinery and equipment	(114,471)	(12,431)	-	(126,902)
Total accumulated depreciation	(899,337)	(89,359)	27,149	(961,547)
Total capital assets being depreciated, net	976,065	(46,412)	-	929,653
Library capital assets, net	\$ 985,060	\$ (46,412)	\$ -	\$ 938,648

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan

General Information About the Pension Plan

Description of Pension Plan. The City and the Library participate in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides pension benefits to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
 - State/School employees
 - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City and the Library are included in the Local and Police and Firemen employee groups.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits Provided. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6.00% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the KPERS fiscal year ended June 30, 2017 and beyond.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for KPERS and 20.09% for KP&F for the year ended December 31, 2018. Contributions to the Pension Plan from the City were \$ 209,887 for KPERS and \$ 381,097 for KP&F for the year ended December 31, 2018. Contributions from the Library for KPERS were \$ 22,859 for the year ended December 31, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At December 31, 2018, the City reported a liability of \$ 1,939,207 for KPERS and \$ 3,574,733 for KP&F and the Library reported a liability of \$ 198,002 for KPERS for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2018, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2018.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2018 the City's proportion for KPERS was 0.139132%, which was a decrease of 0.005319% from its proportion measured as of June 30, 2017. At June 30, 2018, the City's proportion for KP&F was 0.371516%, which was an increase of 0.003357% from its proportion measured as of June 30, 2017. At June 30, 2018, the Library's proportion for KPERS was 0.014206%, which is an increase of 0.000531% from its proportion measured as of June 30, 2017.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2018, the City recognized pension expense of \$ 139,355 for KPERS, \$ 450,926 for KP&F, and \$ 6,210 for the Library. At December 31, 2018, the City and the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 225,427	\$ 71,464
Net difference between projected and actual earnings on pension plan investments	138,398	-
Change of assumptions	272,219	19,205
Changes in proportionate share	716,834	935,333
City contributions subsequent to measurement date	310,571	-
Total	<u>\$ 1,663,449</u>	<u>\$ 1,026,002</u>
Library		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 715	\$ 5,610
Net difference between projected and actual earnings on pension plan investments	4,632	-
Change of assumptions	8,574	954
Changes in proportionate share	5,922	21,742
Library contributions subsequent to measurement date	11,848	-
Total	<u>\$ 31,691</u>	<u>\$ 28,306</u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

The \$ 310,571 and \$ 11,848 for the City and the Library, respectively, reported as deferred outflows of resources related to pensions resulting from the City's and Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	City
2019	\$ 246,079
2020	124,939
2021	(63,144)
2022	16,091
2023	2,911
	\$ 326,876
	\$ 326,876

Year Ended June 30,	Library
2019	\$ (2,836)
2020	(2,029)
2021	(4,195)
2022	320
2023	277
	\$ (8,463)
	\$ (8,463)

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Salary increases, including price inflation	3.50 to 12.00 percent
Long-term rate of return net of investment expense, and including price inflation	7.75 percent

Mortality rates were based on the RP-2014 Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the three-year period ending December 31, 2015.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.85%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Private equity	8%	9.85%
Cash equivalents	2%	(0.25%)
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KPERS. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City's and the Library's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's KPERS proportionate share of the collective net pension liability	\$ 2,844,131	\$ 1,939,207	\$ 1,174,466
City's KP&F proportionate share of the collective net pension liability	5,094,706	3,574,733	2,302,181
Atchison Public Library's KPERS proportionate share of the collective net pension liability	290,399	198,002	119,918

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits

Health Insurance

Plan Description, Benefits Provided and Contributions. The City provides postemployment health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The medical insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at age 65. A retiring employee who waives continuing participation in the City's health insurance program at the time of retirement is not eligible to participate at a later date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the blended premium cost of active employees to maintain coverage. In 2018, the City contributed \$ 25,500 to the plan and participating retirees contributed \$ 10,621.

Employees covered by Benefit Terms. As of the actuarial valuation date of January 1, 2018, the following employees were covered by the benefit terms.

Active employees	99
Retirees	2
Spouses of retirees	1
	<hr/>
	102
	<hr/> <hr/>

Total OPEB Liability. The City's total OPEB liability of \$ 676,630 was measured as of December 31, 2018 and was determined by an actuarial valuation performed as of January 1, 2018 updated to December 31, 2018 for year-end measurements.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Health Insurance (Continued)

Actuarial Assumptions and Other Inputs. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.68 percent
Mortality table	Society of Actuaries RP4-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with Scale MP-2018 Full Generational Improvement
Salary scale	3.00 percent per year
Healthcare cost trend rates	
Current rate	7.50 percent
Ultimate rate	4.50 percent
Year ultimate rate is reached	2027
Actuarial cost method	Entry Age Normal - Level Percent-of-Pay

The discount rate was based on the S&P Municipal Bond 20-Year High Grade and the Fidelity GO AA-20 Year indices as of the measurement date.

Changes and items of impact relative to the prior valuation were as follows.

1. The assumed mortality was updated to reflect the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2018 Full Generational Improvement. Disabled life mortality was updated in a similar fashion.
2. The per capita premium costs, retiree contribution premiums, and trend assumptions were re-evaluated (and actual trend was recognized when available as of the measurement date) as part of the actuarial analysis.
3. The discount rate was changed from 3.24% to 3.68%.
4. The City changed coverage parameters for its 3 group options effective January 1, 2019. The H.S.A. contribution levels for 2019 were increased due to higher plan deductibles.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Health Insurance (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2017	\$ 782,692
Changes for the year:	
Service cost	60,539
Interest cost	26,908
Changes in benefit terms	13,261
Differences between expected and actual experience	(178,623)
Changes in assumptions and inputs	(2,647)
Benefit payments	(25,500)
Net changes	(106,062)
Balance at December 31, 2018	\$ 676,630

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.68 percent) or 1-percentage-point higher (4.68 percent) than the current discount rate:

	1% Decrease (2.68%)	Discount Rate (3.68%)	1% Increase (4.68%)
Total OPEB liability	\$ 747,116	\$ 676,630	\$ 613,795

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Health Insurance (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 586,364	\$ 676,630	\$ 786,095

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$ 89,933.

At December 31, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 164,883
Changes in assumptions and inputs	<u>35,463</u>	<u>2,443</u>
Total	<u>\$ 35,463</u>	<u>\$ 167,326</u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Health Insurance (Continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2019	\$ (10,775)
2020	(10,775)
2021	(10,775)
2022	(10,775)
2023	(10,775)
2024 and Thereafter	<u>(77,988)</u>
	<u><u>\$ (131,863)</u></u>

Disability Benefits and Life Insurance

Plan Description, Benefits Provided and Contributions. The City participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2018 totaled \$ 25,017.

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Employees Covered by Benefit Terms. As of the valuation date of December 31, 2017, the following employees were covered by the benefit terms.

Active members	60
Disabled members	<u>2</u>
	<u><u>62</u></u>

Total OPEB Liability. The City's total OPEB liability of \$ 78,062 was measured as of June 30, 2018 and was determined by an actuarial valuation performed as of December 31, 2017.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.87 percent
Implicit inflation rate	2.75 percent
Mortality table	Local Males: 90 percent of RP-2014M Total Dataset +2 Local Females: 90 percent of RP-2014F Total Dataset +1 Generational mortality improvements were projected for future years using MP-2018
Salary increases	3.50 percent (composed of 2.75 percent inflation and 0.75 percent productivity)
Payroll growth	3.00 percent
Actuarial cost method	Entry Age Normal

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the period July 1, 2014 through June 30, 2016.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was updated in accordance with the requirements of GASB 75.
2. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

The overall impact of the new assumptions is a decrease in the benefit obligations.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2017	\$ 83,156
Changes for the year:	
Service cost	8,274
Interest	3,197
Effect of economic/demographic gains or losses	(10,577)
Effect of assumptions changes or inputs	(1,688)
Benefit payments	(4,300)
Net changes	(5,094)
Balance at December 31, 2018	\$ 78,062

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB liability	\$ 83,887	\$ 78,062	\$ 72,478

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates. Note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this is a required disclosure under GASB 75.

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 78,062	\$ 78,062	\$ 78,062

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$ 9,730.

At December 31, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 9,485
Changes of assumptions	-	5,163
Benefit payment subsequent to measurement date	<u>12,615</u>	<u>-</u>
Total	<u><u>\$ 12,615</u></u>	<u><u>\$ 14,648</u></u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB (Continued)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$ 12,615 consists of payments made to KPERS for benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	
2019	\$ (1,741)
2020	(1,741)
2021	(1,741)
2022	(1,741)
2023	(1,741)
2024 and Thereafter	<u>(5,943)</u>
	<u><u>\$ (14,648)</u></u>

8 - Risk Management

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9 - Commitments and Contingencies

Capital Projects

The City has the following projects in progress at December 31, 2018:

	Costs to Date	Amount Authorized
General government:		
Riverfront trail expansion	\$ 31,400	\$ 331,143
K7 highway access management	13,880	16,850
Airport master plan	55,700	55,700
2017 CDBG sidewalk project	420,281	489,007
Safe Routes to School sidewalk project	27,410	126,893
Airport environment assessment	90,429	90,429
2nd street sidewalk corridor	108,818	403,308
Farmer's market pavillions	23,376	438,840
AEC office buildout	53,060	54,000
Jackson Park inclusive playground	121,485	151,577
APD remodel	23,848	894,668
Skatepark	1,625	3,250
	<u>\$ 971,312</u>	<u>\$ 3,055,665</u>
Wastewater:		
N. Headworks gas detection	\$ 3,144	\$ 22,025
Dam 6 separation	149,292	1,138,046
CSO 11th & 14th	796,021	796,021
	<u>\$ 948,457</u>	<u>\$ 1,956,092</u>
Water:		
RWI elevator	\$ 33,864	\$ 46,073

Litigation

There are a number of claims and/or lawsuits to which the City is a party as a result of the ordinary course of City activities. The City management and legal counsel anticipate that the potential claims against the City not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the City.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Commitments and Contingencies (Continued)

Industrial Revenue Bonds

The City has issued industrial revenue bonds to finance the purchase of land and construction of facilities leased to local businesses. The lease agreements provide for rentals sufficient to service the related bonds. The debt service on these issues is paid solely from lease agreements; these issues do not constitute a debt of the City. The lessees have the option of purchasing the leased properties at any time during the lease periods for amounts sufficient to retire the related outstanding bonds. At the end of the lease periods, which conform to bond maturity schedules, the lessees may either purchase the property for a nominal amount or renew the leases annually at nominal amounts. As of December 31, 2018, industrial revenue bonds of \$ 27,895,000 are outstanding.

10 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2018 are comprised of the following issues:

	Callable Date	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2018	Outstanding December 31, 2018
General Obligation Bonds:						
Governmental activities:						
Series 2011-A	9/1/2019	2.00% to 4.15%	\$ 1,830,000	2031	\$ 150,000	\$ 1,000,000
Series 2014-A	9/1/2021	2.00% to 3.625%	4,645,000	2034	245,000	3,705,000
Series 2017-A	9/1/2025	2.00% to 2.70%	1,205,000	2027	110,000	1,095,000
					<u>505,000</u>	<u>5,800,000</u>
Business-type activities:						
Series 2010-A	N/A	2.00% to 2.50%	6,124,681	2018	860,000	-
					<u>\$ 1,365,000</u>	<u>\$ 5,800,000</u>

The installment ranges for the general obligation bonds are the following:

	Installment Range	
	Low	High
General Obligation Bonds:		
Governmental activities:		
Series 2011-A	\$ 25,000	\$ 165,000
Series 2014-A	175,000	285,000
Series 2017-A	110,000	135,000

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2018 are as follows:

	Governmental Activities	
	Principal	Interest
2019	\$ 515,000	\$ 166,358
2020	530,000	152,683
2021	540,000	140,843
2022	560,000	128,493
2023	565,000	114,490
2024-2028	1,670,000	395,718
2029-2033	1,180,000	168,538
2034-2037	240,000	8,700
	\$ 5,800,000	\$ 1,275,823

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Capital Leases (Continued)

The assets acquired through capital leases are as follows:

Asset:

Street sweeper	\$ 199,900
Less accumulated depreciation	<u>(81,626)</u>
Net book value	<u><u>\$ 118,274</u></u>
Hangar Building	\$ 340,445
Less accumulated depreciation	<u>(25,533)</u>
Net book value	<u><u>\$ 314,912</u></u>
Solid waste trucks	\$ 436,110
Less accumulated depreciation	<u>(348,888)</u>
Net book value	<u><u>\$ 87,222</u></u>
Freightliner	\$ 134,425
Less accumulated depreciation	<u>(4,488)</u>
Net book value	<u><u>\$ 129,937</u></u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Capital Leases (Continued)

The following is a schedule of future minimum lease payments for capital leases as of December 31, 2018:

	Governmental Activities	Business-type Activities
2019	\$ 21,017	\$ 164,602
2020	21,017	29,893
2021	21,017	29,893
2022	21,017	29,893
2023	21,017	29,893
2024-2027	63,051	-
	168,136	284,174
Amount representing interest	(20,302)	(18,522)
	<u>\$ 147,834</u>	<u>\$ 265,652</u>

Revolving Loans Payable

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) on August 21, 2009. According to the agreement, KDHE will loan an amount not to exceed \$ 3,834,075 to the City for the purpose of replacing over 24,000 feet of deteriorated water line and constructing a new pump station. The interest rate on the loan is 3.75%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. The City was informed by KDHE on February 26, 2010 that principal forgiveness equal to 32% of the total construction contract amount as of February 17, 2010 was granted using American Recovery and Reinvestment Act (ARRA) funds. The project was completed in 2012 and the loan amount was finalized, and the repayment schedule was revised to reflect the amount of principal forgiven. The principal forgiven totaled \$ 909,359. As of December 31, 2018, the entirety of the available loan balance has been drawn down. Project costs of \$ 3,702,333 and capitalized interest and fees of \$ 100,455 have been incurred for this project. Principal and interest payments of \$ 124,713 and \$ 79,312, respectively, were made during 2018. The outstanding balance of \$ 2,021,175 is shown as a liability in the water fund.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Revolving Loans Payable (Continued)

During 2012, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 4,448,093 to the City for the purpose of replacing a pump station and constructing a new elevated water tower. The interest rate on the loan is 2.42%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City or the first disbursement under the loan or one year after project completion. The project is complete and the loan amount and repayment schedule have been finalized. As of December 31, 2018, the entirety of the available loan balance has been drawn down and project costs of \$ 3,224,692 have been incurred for this project. Principal and interest payments of \$ 131,948 and \$ 63,107, respectively, were made during 2018. The outstanding balance of \$ 2,508,555 is shown as a liability in the water fund.

During 2012, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 9,594,373 to the City for the purpose of making improvements to the Atchison drinking water treatment plant. The interest rate on the loan is 2.23%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City or the first disbursement under the loan or one year after project completion. The project was completed in 2017 and the loan amount was finalized, and the repayment schedule was revised to reflect the amount of principal forgiven. The principal forgiven totaled \$ 2,725,030. As of December 31, 2018, \$ 9,083,433 of the available loan balance has been drawn down and project costs of \$ 9,083,373 have been incurred. Principal and interest payments of \$ 270,839 and \$ 126,208, respectively, were made during 2018. The outstanding balance of \$ 5,456,061 is shown as a liability in the water fund.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Revolving Loans Payable (Continued)

During 2015, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 1,018,958 to the City for the purpose of water system repairs. The interest rate on the loan is 2.17%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City or the first disbursement under the loan or one year after project completion. The project was completed in 2016 and the loan amount was finalized. As of December 31, 2018, the entirety of the available loan balance has been drawn down and project costs of \$ 1,018,958 have been incurred for this project. Principal and interest payments of \$ 42,086 and \$ 20,993, respectively, were made during 2018. The outstanding balance of \$ 935,790 is shown as a liability in the water fund.

The following is a schedule of future debt maturities for the four revolving loans with finalized repayment schedules:

	<u>Principal</u>	<u>Interest</u>
2019	\$ 584,496	\$ 236,973
2020	599,833	223,694
2021	615,596	210,045
2022	631,796	196,013
2023	648,447	181,588
2024 - 2028	3,508,738	676,935
2029 - 2033	3,471,262	267,708
2034 - 2037	861,413	17,846
	<u>\$ 10,921,581</u>	<u>\$ 2,010,802</u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Revolving Loans Payable (Continued)

The City entered into another loan agreement with the Kansas Department of Health and Environment (KDHE) during 2010. According to the agreement, KDHE will loan an amount not to exceed \$ 3,657,035 to the City for the purpose of wastewater force main upgrades. The interest rate on the loan is 2.84%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. Once the project is complete and the loan amount is finalized, the repayment schedule will be finalized. As of December 31, 2018, \$ 3,238,301 of the available loan balance has been drawn down and project costs of \$ 3,238,301 have been incurred for this project. Principal and interest payments of \$ 180,769 and \$ 60,164, respectively, were made during 2018. The outstanding balance of \$ 1,982,775 is shown as a liability in the wastewater fund.

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) during 2018. According to the agreement, KDHE will loan an amount not to exceed \$ 2,800,000 to the City for the purpose of dam 6 sewer separation. The interest rate on the loan is 2.38%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. Once the project is complete and the loan amount is finalized, the repayment schedule will be finalized. As of December 31, 2018, none of the available loan balance has been drawn down and project costs of \$ 149,292 have been incurred for this project. No principal or interest payments were made during 2018 and the outstanding balance is \$ 0.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Sales Tax Special Obligation Revenue Bonds

On May 7, 2018, the City issued Taxable STAR Bonds Series 2018 at a principal amount of \$ 2,370,000. This series of STAR Bonds was issued to finance the Atchison STAR Bond Project in the STAR Bond District for the construction of two separate shelter structures at the Atchison Farmers' Market, located in the historic downtown area of the STAR Bond District (the Farmers' Market Improvements) and a portion of the costs of the Amelia Earhart Museum to be located at the airport area of the STAR Bond District which is proposed to include the last remaining 1935 Lockheed Electra L-10E aircraft and a unique educational visitor experience that honors the accomplishments of Amelia Earhart (the Museum). The City will own the Farmers' Market Improvements. The Museum land is owned by the City and leased. The balance of the Project, which is not being financed from the Series 2018 Bonds, includes a new approximately 43,000 square foot, 68-room hotel located in the historic downtown area of the STAR Bond District and operated under a franchise flag approved in writing by the City (the Hotel) and a new approximately 2,100 square foot Taco Bell restaurant located in the historic downtown area of the STAR Bond District (the Restaurant). The Farmers Market Improvements, the Museum, the Hotel, and the Restaurant collectively constitute the Project.

Sales tax special obligation revenue bonds (STAR bonds) are authorized to be issued pursuant to K.S.A. 12-17,160, et seq., as amended (the STAR Bond Act). The STAR Bond Act provides a form of tax increment financing that enables the issuance of bonds payable from certain State and local sales and compensating use tax revenues and transient guest tax revenues generated from STAR bond projects constructed within a STAR bond project district. To implement STAR bond financing, a local government must adopt a resolution that specifies a proposed STAR bond project district's boundaries and describes the overall district plan, hold a public hearing on the district and plan, and pass a resolution that establishes the STAR bond project district. Additionally, there may be one or more projects within a STAR bond district.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Sales Tax Special Obligation Revenue Bonds (Continued)

In connection with the issuance of STAR bonds, the City and the State of Kansas enter into Tax Distribution Agreements. The agreements provide that the principal and interest on the STAR bonds will be paid proportionally by the City and the State of Kansas, based on each entity's respective share of sales taxes generated within the district. The proportional shares may vary by bond issue, as described in the "Tax Distribution Details" in the table below. These proportional shares may change in the future if the sales taxes assessed by the local or state governments are modified.

Issue	District/Project	Original Amount	Tax Distribution Details
2018	Atchison Star Bond Project	\$ 2,370,000	Year 1: 68.41% State sales tax revenues/ 10.52% City's share of County sales tax/ 21.07% City's transient guest tax Year 18 estimate: 68.42% State sales tax revenues/ 10.53% City's share of County sales tax/ 21.05% City's transient guest tax

For this bond issue, the City records its proportional share of the outstanding obligation.

At December 31, 2018, STAR bonds outstanding consisted of the following:

Description and Purpose	Amount of of Original Issue	Final Maturity Date	Range of Interest Rates	Recorded with City Long-Term Liabilities	State Pledge	Total Value December 31, 2018
				Local Pledge		
Atchison Star Bond Project	<u>\$ 2,370,000</u>	3/1/2036	3.40% - 5.20%	<u>\$ 758,400</u>	<u>\$ 1,611,600</u>	<u>\$ 2,370,000</u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Sales Tax Special Obligation Revenue Bonds (Continued)

Annual debt service requirements to maturity for these bonds are as follows:

	Governmental Activities	
	Atchison Star Bond Project	
	Principal	Interest
2019	\$ -	\$ 44,506
2020	-	35,059
2021	72,000	33,871
2022	-	32,683
2023	-	32,683
2024-2028	105,600	148,632
2029-2033	-	142,296
2034-2036	580,800	71,148
	<u>\$ 758,400</u>	<u>\$ 540,878</u>

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 6,305,000	\$ -	\$ (505,000)	\$ 5,800,000	\$ 515,000
Plus issuance premiums	22,651	-	(1,359)	21,292	-
Sales tax special obligation revenue bonds	-	758,400	-	758,400	-
Capital leases:					
Hangar building	164,011	-	(16,177)	147,834	16,656
Compensated absences	474,088	279,330	(132,318)	621,100	225,021
Net pension liability	4,736,830	26,179	-	4,763,009	-
Total OPEB liability	782,692	195,335	(223,335)	754,692	-
Governmental activities long-term liabilities	<u>\$ 12,485,272</u>	<u>\$ 1,259,244</u>	<u>\$ (878,189)</u>	<u>\$ 12,866,327</u>	<u>\$ 756,677</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 860,000	\$ -	\$ (860,000)	\$ -	\$ -
Plus issuance premiums	15,736	-	(15,736)	-	-
Loans payable	13,654,710	-	(750,354)	12,904,356	584,496
Capital leases:					
Street sweeper	81,737	-	(40,424)	41,313	41,313
Solid waste trucks	177,026	-	(87,112)	89,914	89,914
Freightliner	-	134,425	-	134,425	24,826
Compensated absences	95,909	86,071	(77,531)	104,449	45,451
Net pension liability	808,037	-	(57,106)	750,931	-
Business-type activities long-term liabilities	<u>\$ 15,693,155</u>	<u>\$ 220,496</u>	<u>\$ (1,888,263)</u>	<u>\$ 14,025,388</u>	<u>\$ 786,000</u>
Component unit Library:					
Compensated absences	\$ 11,756	\$ 3,396	\$ -	\$ 15,152	\$ 5,959
Net pension liability	198,076	-	(74)	198,002	-
Component unit Library long-term liabilities	<u>\$ 209,832</u>	<u>\$ 3,396</u>	<u>\$ (74)</u>	<u>\$ 213,154</u>	<u>\$ 5,959</u>

For the governmental activities, compensated absences, net pension liability, and the total OPEB liability are generally liquidated by the general fund.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Interfund Transactions

Interfund transfers for the year ended December 31, 2018 consisted of the following:

Transfers in	Transfers out				
	General fund	Nonmajor governmental fund	Water fund	Wastewater fund	Refuse fund
General fund	\$ -	\$ -	\$ 392,857	\$ 500,392	\$ 189,680
Capital projects	150,000	82,500	586,310	-	-
Refuse fund	92,181	-	-	-	-
Total	<u>\$ 242,181</u>	<u>\$ 82,500</u>	<u>\$ 979,167</u>	<u>\$ 500,392</u>	<u>\$ 189,680</u>

Transfers are used to move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them. Nonroutine transfers include transfers to the capital projects fund to fund capital projects and to the general fund to fund capital projects and from the water fund, wastewater fund, and nonmajor enterprise fund to the general fund for administrative services provided.

Capital asset transfers of \$ 758,338 occurred from the governmental activities to the business-type activities and are reported within transfers on the statement of activities.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Required Improvements to Sanitary Sewer Collection System

Based upon an administrative order dated January 20, 2004 from the Kansas Department of Health and Environment (KDHE), the City is required to make improvements and replacements to the City's sanitary sewer collection system. Under the terms of the administrative order, a study was performed by an engineer to determine the extent and cost of the repairs. A second administrative order was issued on September 9, 2009 with updated mandates and new deadlines. The City appealed this administrative order and required a hearing which was postponed pending consent agreement negotiations. The negotiations were successful and the consent agreement was agreed upon in 2011. The consent agreement sets forth timelines for completion of certain updates and repairs to the City's sanitary sewer collection system. The City is also required to provide a plan to raise revenue via residential, industrial, and commercial sewer rate increases, sales tax, stormwater fees or other means over the next five years to the equivalent of \$ 3.1 million annually (after five years) to operate, upgrade and maintain the current wastewater utility treatment facilities and to complete the mandated projects. The City is required to spend \$ 12.4 million over a period of the first zero to five years of the consent agreement. In late 2016, KDHE agreed to amend the consent order and waive the requirement to raise revenues to \$ 3.1 million in 2017. They agreed to allow the City to maintain the current rates in return for a commitment from the City to complete certain CSO improvements such as the Dam 6 Separation Program, within specific dates, and update the City's long-term control plan.

13 - Commitments and Contingencies – Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for cash expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2018, the City's recorded encumbrances in budgeted governmental funds were as follows:

General	\$ 46,156
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CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

14 - Tax Abatements

The City enters tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within its jurisdiction. For the fiscal year ended December 31, 2018, abated property taxes that impacted the City totaled \$ 33,656, which consist entirely of a property tax abatement for the expansion of a manufacturing facility. This agreement requires the business to employ an agreed upon number permanent employees within eight years of completing the project. Failure to meet the employment target will result in a payment in lieu of taxes to the City, ranging from 25-100% of property taxes that would have been paid if not for the agreement.

The City participates in a county-wide property tax abatement program referred to as the Neighborhood Revitalization Plan (NRP). Property tax rebate incentives are based on the incremental increase of qualified improvements over a period ranging from 10 to 15 years, depending upon the level investment. To continue to receive the rebate of taxes, property owners must pay the property taxes in full and on time. The county treasurer is responsible for issuing the tax rebates to property owners. For the year ended December 31, 2018, a total of \$ 279,893 in City taxes were rebated to property owners. During the same period \$ 41,743 in Library taxes were rebated.

The City enters annexation and incentive agreements with property owners that provide for property tax rebates in exchange for voluntarily allowing the property to be annexed into the City. The rebates begin the year following the receipt of the first tax statement that includes City taxes. Rebates are paid for three years: year one is a 75% rebate of City taxes, year two is 50%, and year three is 25%. Property owners must pay the property taxes in full and on time to remain eligible for the rebates. The City is responsible for issuing the rebates in this program. During 2018, a total of \$ 2,202 in property tax rebates were paid.

Required Supplementary Information

2018

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem taxes	\$ 2,385,943	\$ 2,388,317	\$ 2,374
Delinquent taxes	50,000	69,046	19,046
Motor vehicle taxes	251,017	282,591	31,574
Vehicle excise taxes	1,064	1,336	272
Payments in lieu of taxes	23,500	24,307	807
Guest taxes	205,000	160,714	(44,286)
City sales taxes	1,663,456	1,769,090	105,634
Franchise taxes	1,310,310	1,448,526	138,216
Commercial vehicle taxes	7,601	-	(7,601)
Recreational vehicle taxes	1,510	2,502	992
16-20 M truck vehicle taxes	1,781	2,169	388
	5,901,182	6,148,598	247,416
Intergovernmental revenues:			
Special highway	63,330	63,330	-
Special liquor	31,804	30,050	(1,754)
	95,134	93,380	(1,754)
Charges for services	339,500	376,994	37,494
Licenses and permits	49,500	74,921	25,421
Interest on investments	13,000	63,654	50,654
Fines and fees	190,000	181,289	(8,711)
Miscellaneous:			
Sales of cemetery lots	1,000	9,500	8,500
Other	25,000	15,472	(9,528)
Management fee - Watershed	46,468	46,468	-
	72,468	71,440	(1,028)
Total revenues	\$ 6,660,784	\$ 7,010,276	\$ 349,492

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Expenditures:			
General government:			
City Manager:			
Personnel services	\$ 205,609	\$ 181,006	\$ 24,603
Contractual services	12,084	12,216	(132)
Materials and supplies	2,500	3,781	(1,281)
	<u>220,193</u>	<u>197,003</u>	<u>23,190</u>
Human resources:			
Personnel services	73,955	81,446	(7,491)
Contractual services	24,857	24,155	702
Materials and supplies	1,200	1,846	(646)
	<u>100,012</u>	<u>107,447</u>	<u>(7,435)</u>
Finance:			
Personnel services	382,427	297,535	84,892
Contractual services	107,465	69,117	38,348
Materials and supplies	5,000	8,410	(3,410)
	<u>494,892</u>	<u>375,062</u>	<u>119,830</u>
Municipal court:			
Personnel services	91,984	91,980	4
Contractual services	29,613	26,015	3,598
Materials and supplies	2,500	615	1,885
	<u>124,097</u>	<u>118,610</u>	<u>5,487</u>
Building official and buildings and grounds:			
Personnel services	227,392	270,466	(43,074)
Contractual services	227,497	149,317	78,180
Materials and supplies	4,000	2,576	1,424
	<u>\$ 458,889</u>	<u>\$ 422,359</u>	<u>\$ 36,530</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
AHCC:			
Personnel services	\$ 151,275	\$ 116,384	\$ 34,891
Contractual services	104,752	103,037	1,715
Materials and supplies	87,125	78,829	8,296
	<u>343,152</u>	<u>298,250</u>	<u>44,902</u>
Other general government:			
Contractual services	617,627	573,199	44,428
Materials and supplies	11,500	717	10,783
Contingency	225,000	18,677	206,323
	<u>854,127</u>	<u>592,593</u>	<u>261,534</u>
Total general government	<u>2,595,362</u>	<u>2,111,324</u>	<u>484,038</u>
Public safety:			
Fire department:			
Personnel services	1,285,775	1,287,601	(1,826)
Contractual services	56,528	65,742	(9,214)
Materials and supplies	29,600	21,976	7,624
	<u>1,371,903</u>	<u>1,375,319</u>	<u>(3,416)</u>
Police department:			
Personnel services	1,650,721	1,605,185	45,536
Contractual services	26,548	29,404	(2,856)
Materials and supplies	64,820	78,869	(14,049)
	<u>1,742,089</u>	<u>1,713,458</u>	<u>28,631</u>
Animal control:			
Personnel services	52,954	44,950	8,004
Contractual services	15,171	12,631	2,540
Materials and supplies	6,935	4,593	2,342
	<u>75,060</u>	<u>62,174</u>	<u>12,886</u>
Total public safety	<u>\$ 3,189,052</u>	<u>\$ 3,150,951</u>	<u>\$ 38,101</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Public works:			
Engineering:			
Personnel services	\$ 168,475	\$ 172,139	\$ (3,664)
Contractual services	7,782	21,508	(13,726)
Materials and supplies	1,750	627	1,123
	<u>178,007</u>	<u>194,274</u>	<u>(16,267)</u>
Amelia Earhart Airport:			
Contractual services	43,614	17,410	26,204
Materials and supplies	38,000	37,981	19
	<u>81,614</u>	<u>55,391</u>	<u>26,223</u>
Fleet maintenance:			
Personnel services	122,636	107,748	14,888
Contractual services	1,354	5,682	(4,328)
Materials and supplies	130,844	110,475	20,369
	<u>254,834</u>	<u>223,905</u>	<u>30,929</u>
Santa Fe Depot:			
Contractual services	26,784	22,795	3,989
Materials and supplies	-	75	(75)
	<u>26,784</u>	<u>22,870</u>	<u>3,914</u>
Public works administration:			
Personnel services	572,294	565,397	6,897
Contractual services	48,014	37,498	10,516
Materials and supplies	242,274	242,758	(484)
	<u>862,582</u>	<u>845,653</u>	<u>16,929</u>
Total public works	<u>\$ 1,403,821</u>	<u>\$ 1,342,093</u>	<u>\$ 61,728</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Parks and recreation:			
Parks:			
Personnel services	\$ 308,788	\$ 309,110	\$ (322)
Contractual services	104,868	93,696	11,172
Materials and supplies	64,550	70,584	(6,034)
	<u>478,206</u>	<u>473,390</u>	<u>4,816</u>
Municipal pool:			
Personnel services	67,880	80,370	(12,490)
Contractual services	9,142	15,909	(6,767)
Materials and supplies	37,500	28,418	9,082
	<u>114,522</u>	<u>124,697</u>	<u>(10,175)</u>
Oak Hill Cemetery:			
Contractual services	14,000	12,232	1,768
Materials and supplies	300	227	73
	<u>14,300</u>	<u>12,459</u>	<u>1,841</u>
Total parks and recreation	<u>607,028</u>	<u>610,546</u>	<u>(3,518)</u>
Non-departmental:			
Contingency	<u>373,511</u>	<u>-</u>	<u>373,511</u>
Total expenditures	<u>8,168,774</u>	<u>7,214,914</u>	<u>953,860</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,507,990)</u>	<u>\$ (204,638)</u>	<u>\$ 1,303,352</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Other financing sources (uses):			
Sale of capital assets	\$ 25,000	\$ 39,444	\$ 14,444
Principal paid	-	(16,177)	(16,177)
Interest paid	-	(4,840)	(4,840)
Miscellaneous	-	(10,240)	(10,240)
Transfers in	722,714	722,714	-
Transfers out	(410,000)	(410,000)	-
Total other financing sources (uses)	337,714	320,901	(16,813)
Net change in fund balances	(1,170,276)	116,263	1,286,539
Fund balances, beginning of year	1,580,273	2,225,951	645,678
Fund balances, end of year	<u>\$ 409,997</u>	<u>\$ 2,342,214</u>	<u>\$ 1,932,217</u>

CITY OF ATCHISON, KANSAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

1 - General

All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

2 - Reconciliation

Explanation of differences between budget and GAAP net change in fund balances:

Net change in fund balance - budget	\$ 116,263
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Net change in fund balance for non-budgeted funds included with the
General Fund on GAAP basis financials:

Insurance reserve	(4,206)
Municipal equipment reserve	68,484
Law enforcement	(15,679)
Façade improvements	1,266

Encumbrances for equipment and supplies ordered but not yet received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes:

2018 encumbrances	46,156
2017 encumbrances	(36,321)

Net change in fund balance - GAAP	<u>\$ 175,963</u>
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CITY OF ATCHISON, KANSAS

Schedule of the Changes in the City's Total OPEB liability and Related Ratios -
Health Insurance

Last Two Fiscal Years¹

	2018	2017
Total OPEB liability:		
Service cost	\$ 60,539	\$ 52,339
Interest	26,908	27,040
Change in benefit terms	13,261	-
Difference between expected and actual experience	(178,623)	-
Changes in assumptions and inputs	(2,647)	41,801
Benefit payments	(25,500)	(10,621)
Net change in total OPEB liability	(106,062)	110,559
Total OPEB liability, beginning	782,692	672,133
Total OPEB liability, ending	\$ 676,630	\$ 782,692
Covered payroll	\$ 4,039,623	\$ 4,039,623
City's total OPEB liability as a percentage of covered payroll	16.75%	19.38%

¹ GASB 75 requires presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

CITY OF ATCHISON, KANSAS

Schedule of the Changes in the City's Total OPEB Liability and Related Ratios - Disability Benefits and Life Insurance

Last Two Fiscal Years¹

	2018	2017
Total OPEB liability		
Service cost	\$ 8,274	\$ 8,519
Interest on total OPEB liability	3,197	2,541
Effect of economic/demographic gains or losses	(10,577)	-
Effect of assumptions changes or inputs	(1,688)	(4,599)
Benefit payments	(4,300)	(7,805)
Net change in total OPEB liability	(5,094)	(1,344)
Total OPEB liability, beginning	83,156	84,500
Total OPEB liability, ending	<u>\$ 78,062</u>	<u>\$ 83,156</u>
Covered payroll	\$ 2,333,844	\$ 2,243,841
City's total OPEB liability as a percentage of covered payroll	3.34%	3.71%

¹ GASB 75 requires presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

CITY OF ATCHISON, KANSAS

Schedule of the City's Proportionate Share of the Collective Net Pension Liability Kansas Public Employees Retirement System Last Five Fiscal Years¹

	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability:					
KPERS	0.139132%	0.144451%	0.115515%	0.178344%	0.151326%
KP&F	0.371516%	0.368159%	0.444896%	0.356217%	0.394653%
City's proportionate share of the collective net pension liability	\$ 5,513,940	\$ 5,544,868	\$ 5,919,082	\$ 4,938,289	\$ 4,450,840
City's covered payroll	\$ 4,398,583	\$ 4,408,474	\$ 4,344,866	\$ 4,329,067	\$ 4,299,827
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	125%	126%	136%	114%	104%
Plan fiduciary net position as a percentage of the total pension liability	68.88%	67.12%	65.10%	64.95%	66.60%

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF ATCHISON, KANSAS

ATCHISON PUBLIC LIBRARY

Schedule of the Library's Proportionate Share of the Collective Net Pension Liability Kansas Public Employees Retirement System Last Five Fiscal Years¹

	2018	2017	2016	2015	2014
Library's proportion of the collective net pension liability:					
KPERS Atchison Public Library	0.014206%	0.013675%	0.014563%	0.014725%	0.017116%
Library's proportionate share of the collective net pension liability	\$ 198,002	\$ 198,076	\$ 225,294	\$ 193,346	\$ 210,666
Library's covered payroll	\$ 277,389	\$ 242,343	\$ 249,780	\$ 246,283	\$ 282,085
Library's proportionate share of the collective net pension liability as a percentage of its covered payroll	71%	82%	90%	79%	75%
Plan fiduciary net position as a percentage of the total pension liability	68.88%	67.12%	65.10%	64.95%	66.60%

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF ATCHISON, KANSAS

Schedule of the City's Contributions Kansas Public Employees Retirement System Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 590,984	\$ 560,943	\$ 619,278	\$ 626,020	\$ 638,863	\$ 518,478	\$ 447,442	\$ 436,460	\$ 367,368	\$ 349,441
Contributions in relation to the contractually required contribution	590,984	560,943	619,278	625,413	638,863	518,478	447,442	436,460	367,368	349,252
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189</u>
City's covered payroll	\$ 4,398,583	\$ 4,290,448	\$ 4,410,377	\$ 4,291,557	\$ 4,327,392	\$ 4,219,545	\$ 4,083,213	\$ 4,110,988	\$ 3,940,759	\$ 3,832,648
Contributions as a percentage of covered payroll	13.44%	13.07%	14.04%	14.59%	14.76%	12.29%	10.96%	10.62%	9.32%	9.11%

CITY OF ATCHISON, KANSAS

ATCHISON PUBLIC LIBRARY

Schedule of the Library's Contributions Kansas Public Employees Retirement System Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 22,859	\$ 20,483	\$ 23,076	\$ 22,594	\$ 22,953	\$ 23,615	\$ 20,579	\$ 15,598	\$ 15,709	\$ 13,451
Contributions in relation to the contractually required contribution	22,859	20,483	23,076	22,594	22,953	23,615	20,579	15,598	15,709	13,451
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's covered payroll	\$ 272,452	\$ 242,118	\$ 251,371	\$ 238,337	\$ 259,654	\$ 297,421	\$ 280,365	\$ 231,428	\$ 255,030	\$ 242,794
Contributions as a percentage of covered payroll	8.39%	8.46%	9.18%	9.48%	8.84%	7.94%	7.34%	6.74%	6.16%	5.54%

Other Supplementary Information

2018

OTHER SUPPLEMENTARY INFORMATION

CITY OF ATCHISON, KANSAS

COMBINING BALANCE SHEET
GENERAL FUND

December 31, 2018

	General	Insurance Reserve	Municipal Equipment Reserve	Law Enforcement	Façade Improvements	Total General Fund
Assets:						
Cash and cash equivalents	\$ 2,429,805	\$ 96,462	\$ 224,909	\$ 37,388	\$ 53,276	\$ 2,841,840
Receivables (net of allowance for uncollectibles):						
Taxes	2,956,602	-	-	-	-	2,956,602
Accounts	55,317	-	-	-	-	55,317
Loans	-	-	-	-	48,867	48,867
Total assets	<u>\$ 5,441,724</u>	<u>\$ 96,462</u>	<u>\$ 224,909</u>	<u>\$ 37,388</u>	<u>\$ 102,143</u>	<u>\$ 5,902,626</u>
Liabilities, deferred inflows of resources, and fund balances:						
Liabilities:						
Accounts payable	\$ 385,758	\$ 2,825	\$ -	\$ -	\$ -	\$ 388,583
Accrued payroll	107,678	-	-	-	-	107,678
Total liabilities	<u>493,436</u>	<u>2,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,261</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	<u>2,559,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,559,911</u>
Fund balances:						
Assigned	46,156	93,637	224,909	37,388	102,143	504,233
Unassigned	<u>2,342,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,342,221</u>
Total fund balances	<u>2,388,377</u>	<u>93,637</u>	<u>224,909</u>	<u>37,388</u>	<u>102,143</u>	<u>2,846,454</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,441,724</u>	<u>\$ 96,462</u>	<u>\$ 224,909</u>	<u>\$ 37,388</u>	<u>\$ 102,143</u>	<u>\$ 5,902,626</u>

CITY OF ATCHISON, KANSAS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND

Year Ended December 31, 2018

	General	Insurance Reserve	Municipal Equipment Reserve	Law Enforcement	Façade Improvements	Eliminations	Total General Fund
Revenues:							
Taxes:							
Property	\$ 2,745,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,745,961
Sales	1,769,090	-	-	-	-	-	1,769,090
Franchise	1,448,526	-	-	-	-	-	1,448,526
Transient guest	160,714	-	-	-	-	-	160,714
Payments in lieu of taxes	24,307	-	-	-	-	-	24,307
Intergovernmental	93,380	-	-	-	-	-	93,380
Licenses and permits	74,921	-	-	-	-	-	74,921
Charges for services	376,994	-	-	-	-	-	376,994
Fines and fees	181,289	-	-	-	-	-	181,289
Interest on investments	63,654	2,218	5,212	901	1,289	-	73,274
Other	71,440	-	-	2,118	127	-	73,685
Total revenues	<u>7,010,276</u>	<u>2,218</u>	<u>5,212</u>	<u>3,019</u>	<u>1,416</u>	<u>-</u>	<u>7,022,141</u>
Expenditures:							
Current:							
General government	2,118,862	20,805	-	-	150	-	2,139,817
Public works	1,342,334	-	-	-	-	-	1,342,334
Public safety	3,143,577	-	-	-	-	-	3,143,577
Parks and recreation	610,546	-	-	-	-	-	610,546
Debt service:							
Principal	16,177	-	-	-	-	-	16,177
Interest and fiscal charges	4,840	-	-	-	-	-	4,840
Capital outlay	-	-	454,762	18,698	-	-	473,460
Total expenditures	<u>7,236,336</u>	<u>20,805</u>	<u>454,762</u>	<u>18,698</u>	<u>150</u>	<u>-</u>	<u>7,730,751</u>
Excess/(deficiency) of revenues over (under) expenditures	<u>(226,060)</u>	<u>(18,587)</u>	<u>(449,550)</u>	<u>(15,679)</u>	<u>1,266</u>	<u>-</u>	<u>(708,610)</u>
Other financing sources (uses):							
Sale of capital assets	39,444	-	-	-	-	-	39,444
Insurance recoveries	-	4,381	-	-	-	-	4,381
Transfers in	722,714	10,000	610,215	-	-	(260,000)	1,082,929
Transfers out	(410,000)	-	(92,181)	-	-	260,000	(242,181)
Total other financing sources	<u>352,158</u>	<u>14,381</u>	<u>518,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>884,573</u>
Net change in fund balances	126,098	(4,206)	68,484	(15,679)	1,266	-	175,963
Fund balances, beginning of year	2,262,279	97,843	156,425	53,067	100,877	-	2,670,491
Fund balances, end of year	<u>\$ 2,388,377</u>	<u>\$ 93,637</u>	<u>\$ 224,909</u>	<u>\$ 37,388</u>	<u>\$ 102,143</u>	<u>\$ -</u>	<u>\$ 2,846,454</u>

CITY OF ATCHISON, KANSAS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Alcohol - to account for revenues and expenditures for the prevention of drug and alcohol abuse.

Special Parks and Recreation - to account for revenues and expenditures for the upkeep and upgrade of existing parks and recreation facilities.

Motor Fuel - to account for the City's highway aid payments distributed from the State.

DARE - to account for funds donated that will be used specifically for DARE activities in the Police Department.

Grants - to account for grant proceeds received from various funding sources.

Debt Service Fund

Debt Service - to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CITY OF ATCHISON, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2018

	Special Alcohol	Special Parks and Recreation
Assets:		
Cash and cash equivalents	\$ 7,392	\$ 15,117
Taxes receivable	-	-
Intergovernmental receivable	-	-
Total assets	<u>\$ 7,392</u>	<u>\$ 15,117</u>
Liabilities:		
Accounts payable	<u>\$ 296</u>	<u>\$ -</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>
Fund balances:		
Restricted:		
Substance abuse prevention and emergency shelter	7,096	-
Capital projects and maintenance	-	-
Public safety	-	-
Parks and recreation facilities	-	15,117
Debt service	-	-
Assigned	<u>-</u>	<u>-</u>
Total fund balances	<u>7,096</u>	<u>15,117</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,392</u>	<u>\$ 15,117</u>

Special Revenue					
Motor Fuel	DARE	Grants	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
\$ 53,056	\$ 26,945	\$ 236,475	\$ 338,985	\$ 238,616	\$ 577,601
-	-	-	-	664,996	664,996
-	-	5,045	5,045	-	5,045
<u>\$ 53,056</u>	<u>\$ 26,945</u>	<u>\$ 241,520</u>	<u>\$ 344,030</u>	<u>\$ 903,612</u>	<u>\$ 1,247,642</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,816</u>	<u>\$ 94,112</u>	<u>\$ -</u>	<u>\$ 94,112</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>664,996</u>	<u>664,996</u>
-	-	1,564	8,660	-	8,660
53,056	-	23,670	76,726	-	76,726
-	-	16,426	16,426	-	16,426
-	-	106,044	121,161	-	121,161
-	-	-	-	238,616	238,616
-	26,945	-	26,945	-	26,945
<u>53,056</u>	<u>26,945</u>	<u>147,704</u>	<u>249,918</u>	<u>238,616</u>	<u>488,534</u>
<u>\$ 53,056</u>	<u>\$ 26,945</u>	<u>\$ 241,520</u>	<u>\$ 344,030</u>	<u>\$ 903,612</u>	<u>\$ 1,247,642</u>

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2018

	Special Alcohol	Special Parks and Recreation
Revenues:		
Property taxes	\$ -	\$ -
Intergovernmental	30,050	30,050
Interest on investments	-	230
Other	-	-
Total revenues	30,050	30,280
Expenditures:		
Current:		
General government	25,725	-
Public safety	-	-
Parks and recreation	-	4,824
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Capital outlay	-	-
Total expenditures	25,725	4,824
Excess of revenues over expenditures	4,325	25,456
Other financing uses:		
Transfers out	-	(20,000)
Net change in fund balances	4,325	5,456
Fund balances, beginning of year	2,771	9,661
Fund balances, end of year	\$ 7,096	\$ 15,117

Special Revenue					
Motor Fuel	DARE	Grants	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 818,333	\$ 818,333
289,962	-	547,230	897,292	-	897,292
1,277	526	3,222	5,255	11,014	16,269
-	6,000	62,578	68,578	-	68,578
291,239	6,526	613,030	971,125	829,347	1,800,472
192,274	-	589,197	807,196	-	807,196
-	2,530	7,044	9,574	-	9,574
-	-	-	4,824	-	4,824
-	-	-	-	505,000	505,000
-	-	-	-	178,312	178,312
-	-	4,624	4,624	-	4,624
192,274	2,530	600,865	826,218	683,312	1,509,530
98,965	3,996	12,165	144,907	146,035	290,942
(62,500)	-	-	(82,500)	-	(82,500)
36,465	3,996	12,165	62,407	146,035	208,442
16,591	22,949	135,539	187,511	92,581	280,092
\$ 53,056	\$ 26,945	\$ 147,704	\$ 249,918	\$ 238,616	\$ 488,534

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

SPECIAL ALCOHOL FUND

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Final Budget
Revenues:			
Intergovernmental	\$ 31,804	\$ 30,050	\$ (1,754)
Expenditures:			
Contractual services	35,200	25,725	9,475
Net change in fund balances	(3,396)	4,325	7,721
Fund balances, beginning of year	4,996	2,771	(2,225)
Fund balances, end of year	<u>\$ 1,600</u>	<u>\$ 7,096</u>	<u>\$ 5,496</u>

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 31,804	\$ 30,050	\$ (1,754)
Interest on investments	-	230	230
Total revenues	31,804	30,280	(1,524)
Expenditures:			
Contractual services	16,000	4,824	11,176
Excess of revenues over expenditures	15,804	25,456	9,652
Other financing uses:			
Transfers out	(20,000)	(20,000)	-
Net change in fund balances	(4,196)	5,456	9,652
Fund balances, beginning of year	14,304	9,661	(4,643)
Fund balances, end of year	\$ 10,108	\$ 15,117	\$ 5,009

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

MOTOR FUEL FUND

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 286,900	\$ 289,962	\$ 3,062
Interest on investments	-	1,277	1,277
Total revenues	286,900	291,239	4,339
Expenditures:			
Contractual services	218,666	192,274	26,392
Excess of revenues over expenditures	68,234	98,965	30,731
Other financing uses:			
Transfers out	(62,500)	(62,500)	-
Net change in fund balances	5,734	36,465	30,731
Fund balance, beginning of year	16,463	16,591	128
Fund balance, end of year	\$ 22,197	\$ 53,056	\$ 30,859

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

DEBT SERVICE FUND

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem tax	\$ 720,602	\$ 732,104	\$ 11,502
Recreational vehicle tax	384	748	364
16-20M vehicle tax	505	645	140
Motor vehicle tax	73,708	84,437	10,729
Vehicle excise tax	333	399	66
Total taxes	795,532	818,333	22,801
Interest on investments	470	11,014	10,544
Total revenues	796,002	829,347	33,345
Expenditures:			
Principal	511,391	505,000	6,391
Interest	208,904	178,312	30,592
Miscellaneous expense	20,000	-	20,000
Operating reserve	75,108	-	75,108
Total expenditures	815,403	683,312	132,091
Net change in fund balances	(19,401)	146,035	165,436
Fund balance, beginning of year	55,401	92,581	37,180
Fund balance, end of year	\$ 36,000	\$ 238,616	\$ 202,616

CITY OF ATCHISON, KANSAS

AGENCY FUNDS

Amelia Earhart Festival – accounts for activities for the weeklong celebration of the life of Amelia Earhart. Events include live entertainment, food, arts & crafts, fireworks and award celebration.

Santa Fe Depot Enhancement – accounts for capital improvements to the historic Santa Fe depot building.

Veteran's Memorial Park – accounts for funds contributed to maintain the veterans pavilion within the riverfront park.

Jackson Park Revitalization – accounts for funds contributed to make improvements to Jackson Park.

Fire Insurance Proceeds – accounts for funds received from fire insurance proceeds held on behalf of the homeowners until they repair the property.

The White Clay Watershed District - accounts for the ad valorem taxes levied by the White Clay Watershed District for maintenance and upkeep of the District.

CITY OF ATCHISON, KANSAS
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2018

	<u>Amelia Earhart Festival</u>	<u>Santa Fe Depot Enhancement</u>	<u>Veteran's Memorial Park</u>	<u>Jackson Park Revitalization</u>	<u>Fire Insurance Proceeds</u>	<u>White Clay Watershed District</u>	<u>Totals</u>
Assets:							
Cash and cash equivalents	<u>\$ 41,917</u>	<u>\$ 69,395</u>	<u>\$ 1,350</u>	<u>\$ 10,380</u>	<u>\$ -</u>	<u>\$ 139,543</u>	<u>\$ 262,585</u>
Liabilities:							
Due to others	<u>\$ 41,917</u>	<u>\$ 69,395</u>	<u>\$ 1,350</u>	<u>\$ 10,380</u>	<u>\$ -</u>	<u>\$ 139,543</u>	<u>\$ 262,585</u>

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<u>Amelia Earhart Festival</u>				
Assets:				
Cash and cash equivalents	\$ 25,157	\$ 398,463	\$ 381,703	\$ 41,917
Liabilities:				
Due to others	\$ 25,157	\$ 398,463	\$ 381,703	\$ 41,917
<u>Santa Fe Depot Enhancement</u>				
Assets:				
Cash and cash equivalents	\$ 43,492	\$ 40,304	\$ 14,401	\$ 69,395
Liabilities:				
Due to others	\$ 43,492	\$ 40,304	\$ 14,401	\$ 69,395
<u>Veteran's Memorial Park</u>				
Assets:				
Cash and cash equivalents	\$ 1,321	\$ 29	\$ -	\$ 1,350
Liabilities:				
Due to others	\$ 1,321	\$ 29	\$ -	\$ 1,350
<u>Jackson Park Revitalization</u>				
Assets:				
Cash and cash equivalents	\$ 10,158	\$ 222	\$ -	\$ 10,380
Liabilities:				
Due to others	\$ 10,158	\$ 222	\$ -	\$ 10,380
<u>Fire Insurance Proceeds</u>				
Assets:				
Cash and cash equivalents	\$ 15,039	\$ -	\$ 15,039	\$ -
Liabilities:				
Due to others	\$ 15,039	\$ -	\$ 15,039	\$ -

(Continued)

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS
(Continued)

Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<u>White Clay Watershed District</u>				
Assets:				
Cash and cash equivalents	\$ 140,214	\$ 259,677	\$ 260,348	\$ 139,543
Liabilities:				
Due to others	\$ 140,214	\$ 259,677	\$ 260,348	\$ 139,543
<u>Total</u>				
Assets:				
Cash and cash equivalents	\$ 235,381	\$ 698,695	\$ 671,491	\$ 262,585
Liabilities:				
Due to others	\$ 235,381	\$ 698,695	\$ 671,491	\$ 262,585

CITY OF ATCHISON, KANSAS
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
PUBLIC LIBRARY
December 31, 2018

Assets:	
Cash	\$ 269,152
Taxes receivable	<u>507,886</u>
Total assets	<u><u>\$ 777,038</u></u>
Liabilities, deferred inflows of resources, and fund balances:	
Liabilities:	
Accounts payable	\$ 4,425
Accrued payroll	<u>10,726</u>
Total liabilities	<u>15,151</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	<u>507,886</u>
Fund balances:	
Restricted:	
Building improvements	6,065
Reading programs	12,236
Books	6,056
Assigned	<u>229,644</u>
Total fund balances	<u>254,001</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 777,038</u></u>

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT

PUBLIC LIBRARY

Year Ended December 31, 2018

Revenues:	
Taxes	\$ 531,444
Charges for services	14,386
Grants and contributions	49,554
Investment earnings	<u>946</u>
Total revenues	596,330
Expenditures:	
Current:	
Education	<u>569,324</u>
Excess of revenues over expenditures	27,006
Fund balances, beginning of year	<u>226,995</u>
Fund balances, end of year	<u><u>\$ 254,001</u></u>

Statistical Section

2018

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	122
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, water/wastewater charges for services, as well as its property tax.	126
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	135
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	138
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	139

CITY OF ATCHISON, KANSAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 12,292,827	\$ 12,347,223	\$ 12,272,996	\$ 13,313,242	\$ 14,739,011	\$ 14,706,052	\$ 16,480,463	\$ 16,836,454	\$ 17,551,340	\$ 18,927,532
Restricted	729,855	1,330,900	1,161,035	555,711	318,284	283,119	114,925	122,116	164,562	314,664
Unrestricted	422,843	327,526	1,585,199	2,161,847	3,038,112	4,016,612	(347,178)	(416,223)	23,074	(1,151,647)
Total governmental activities net position	<u>\$ 13,445,525</u>	<u>\$ 14,005,649</u>	<u>\$ 15,019,230</u>	<u>\$ 16,030,800</u>	<u>\$ 18,095,407</u>	<u>\$ 19,005,783</u>	<u>\$ 16,248,210</u>	<u>\$ 16,542,347</u>	<u>\$ 17,738,976</u>	<u>\$ 18,090,549</u>
Business-type activities										
Net investment in capital assets	\$ 9,115,253	\$ 8,908,653	\$ 10,017,324	\$ 11,908,638	\$ 12,346,736	\$ 13,111,660	\$ 14,497,188	\$ 15,200,765	\$ 19,304,454	\$ 20,693,940
Unrestricted	2,264,559	4,262,522	5,044,982	5,991,187	6,209,967	6,619,694	5,012,895	5,701,739	5,430,455	5,185,424
Total business-type activities net position	<u>\$ 11,379,812</u>	<u>\$ 13,171,175</u>	<u>\$ 15,062,306</u>	<u>\$ 17,899,825</u>	<u>\$ 18,556,703</u>	<u>\$ 19,731,354</u>	<u>\$ 19,510,083</u>	<u>\$ 20,902,504</u>	<u>\$ 24,734,909</u>	<u>\$ 25,879,364</u>
Primary Government										
Net investment in capital assets	\$21,408,080	\$ 21,255,876	\$ 22,290,320	\$ 25,221,880	\$ 27,085,747	\$ 27,817,712	\$ 30,977,651	\$ 32,037,219	\$ 36,855,794	\$ 39,621,472
Restricted	729,855	1,330,900	1,161,035	555,711	318,284	283,119	114,925	122,116	164,562	314,664
Unrestricted	2,687,402	4,590,048	6,630,181	8,153,034	9,248,079	10,636,306	4,665,717	5,285,516	5,453,529	4,033,777
Total primary government net position	<u>\$24,825,337</u>	<u>\$ 27,176,824</u>	<u>\$ 30,081,536</u>	<u>\$ 33,930,625</u>	<u>\$ 36,652,110</u>	<u>\$ 38,737,137</u>	<u>\$ 35,758,293</u>	<u>\$ 37,444,851</u>	<u>\$ 42,473,885</u>	<u>\$ 43,969,913</u>

Watershed District #26 is presented as a component unit in the years 2009-2010. Beginning in 2011 the Watershed is treated as a fiduciary fund.

CITY OF ATCHISON, KANSAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
General Government	\$2,477,457	\$2,357,540	\$2,478,684	\$2,288,605	\$2,893,738	\$3,180,703	\$2,839,712	\$2,960,219	\$3,333,475	\$3,811,037
Public Safety	2,841,896	2,880,226	2,923,106	3,080,529	3,168,196	3,321,191	3,059,215	3,466,334	3,321,488	3,607,731
Public Works	1,388,693	1,469,786	1,718,105	1,815,676	2,110,116	2,100,754	2,109,452	1,931,845	1,972,702	1,873,168
Parks and Recreation	426,369	492,756	297,417	306,470	315,903	316,136	339,831	352,838	377,475	697,459
Economic Development	75,000	75,000	-	-	-	-	-	-	-	-
Interest on long-term debt	137,338	111,877	124,977	119,877	168,682	215,786	200,127	182,710	213,234	269,729
Total governmental activities expenses	<u>7,346,753</u>	<u>7,387,185</u>	<u>7,542,289</u>	<u>7,611,157</u>	<u>8,656,635</u>	<u>9,134,570</u>	<u>8,548,337</u>	<u>8,893,946</u>	<u>9,218,374</u>	<u>10,259,124</u>
Business-type activities:										
Water/Wastewater	2,225,755	2,407,449	2,294,146	2,521,121	2,407,873	2,349,173	2,545,497	2,832,061	3,105,512	3,246,144
Wastewater	1,466,583	1,490,589	1,541,013	1,905,811	1,397,305	1,617,152	1,845,541	1,808,674	1,908,248	2,062,169
Refuse	363,721	372,578	360,427	384,657	390,426	406,798	891,962	927,392	941,619	994,968
Total business-type activities	<u>4,056,059</u>	<u>4,270,616</u>	<u>4,195,586</u>	<u>4,811,589</u>	<u>4,195,604</u>	<u>4,373,123</u>	<u>5,283,000</u>	<u>5,568,127</u>	<u>5,955,379</u>	<u>6,303,281</u>
Total primary government expenses	<u>\$11,402,812</u>	<u>\$11,657,801</u>	<u>\$11,737,875</u>	<u>\$12,422,746</u>	<u>\$12,852,239</u>	<u>\$13,507,693</u>	<u>\$13,831,337</u>	<u>\$14,462,073</u>	<u>\$15,173,753</u>	<u>\$16,562,405</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
General Government	\$344,165	\$502,699	\$499,457	\$332,317	\$407,253	\$367,997	\$371,388	\$477,994	\$358,322	\$345,724
Public Safety	38,030	83,335	79,955	113,084	93,907	78,169	69,626	70,453	119,177	71,745
Public Works	81,015	142,574	296,747	141,045	123,093	128,992	332,939	349,890	357,143	361,342
Parks and Recreation	19,090	-	-	-	-	-	-	-	-	-
Economic Development	22	-	-	-	-	-	-	-	-	-
Operating grants and contributions	476,438	406,070	407,400	447,042	425,455	587,508	421,178	492,067	947,573	948,772
Capital grants and contributions	753,526	268,115	515,552	545,799	955,506	456,776	400,617	223,423	722,660	1,033,570
Total governmental activities program revenues	<u>1,712,286</u>	<u>1,402,793</u>	<u>1,799,111</u>	<u>1,579,287</u>	<u>2,005,214</u>	<u>1,619,442</u>	<u>1,595,748</u>	<u>1,613,827</u>	<u>2,504,875</u>	<u>2,761,153</u>
Business-type activities:										
Charges for services:										
Water/Wastewater**	2,733,628	3,621,075	3,703,515	3,888,189	4,089,692	3,979,202	4,069,473	4,244,775	4,206,276	4,334,769
Wastewater	1,302,014	1,576,158	1,472,145	1,808,743	1,801,135	1,924,969	2,433,689	2,694,359	2,640,177	2,731,147
Refuse	433,934	461,034	483,976	504,428	525,292	551,126	147,808	3,897	8,237	9,223
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	688,610	39,071	22,788	1,219,916	4,065	-	-	8,360	2,725,030	-
Total business-type activities program revenues	<u>5,158,186</u>	<u>5,697,338</u>	<u>5,682,424</u>	<u>7,421,276</u>	<u>6,420,184</u>	<u>6,455,297</u>	<u>6,650,970</u>	<u>6,951,391</u>	<u>9,579,720</u>	<u>7,075,139</u>
Total primary government program revenues	<u>\$6,870,472</u>	<u>\$7,100,131</u>	<u>\$7,481,535</u>	<u>\$9,000,563</u>	<u>\$8,425,398</u>	<u>\$8,074,739</u>	<u>\$8,246,718</u>	<u>\$8,565,218</u>	<u>\$12,084,595</u>	<u>\$9,836,292</u>
Net (Expense)/Revenue										
Governmental activities	(\$5,634,467)	(\$5,984,392)	(\$5,743,178)	(\$6,031,870)	(\$6,651,421)	(\$7,515,128)	(\$6,952,589)	(\$7,280,119)	(\$6,713,499)	(\$7,497,971)
Business-type activities	1,102,127	1,426,722	1,486,838	2,609,687	2,224,580	2,082,174	1,367,970	1,383,264	3,624,341	771,858
Total primary government net expense	<u>(\$4,532,340)</u>	<u>(\$4,557,670)</u>	<u>(\$4,256,340)</u>	<u>(\$3,422,183)</u>	<u>(\$4,426,841)</u>	<u>(\$5,432,954)</u>	<u>(\$5,584,619)</u>	<u>(\$5,896,855)</u>	<u>(\$3,089,158)</u>	<u>(\$6,726,113)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$3,423,769	\$3,406,690	\$3,231,311	\$3,211,414	\$3,244,470	\$3,226,669	\$3,330,996	\$3,331,078	\$3,470,664	\$3,564,294
Sales taxes	1,524,783	1,520,429	1,587,341	1,651,096	2,532,109	2,420,909	1,629,061	1,646,986	1,738,735	1,775,424
Franchise Taxes	787,184	842,672	1,304,264	1,323,711	1,324,543	1,509,455	1,420,580	1,336,005	1,363,115	1,448,526
Guest taxes	91,803	115,218	-	-	-	136,092	133,868	127,418	150,034	168,245
Payments in lieu of taxes	-	51,172	23,639	24,033	23,594	23,307	21,501	25,477	23,189	24,307
Unrestricted investment earnings	11,948	16,246	24,660	27,157	1,272	443	1,242	28,323	69,814	125,321
Gain on disposal of asset	-	3,169	-	13,522	18,292	32,291	40,664	97,142	79,454	11,987
Transfers	565,075	588,920	585,544	792,507	1,571,748	1,076,338	1,827,209	981,827	923,782	818,720
Total governmental activities	<u>6,404,562</u>	<u>6,544,516</u>	<u>6,756,759</u>	<u>7,043,440</u>	<u>8,716,028</u>	<u>8,425,504</u>	<u>8,405,121</u>	<u>7,574,256</u>	<u>7,818,787</u>	<u>7,936,824</u>
Business-type activities:										
Sales Taxes	945,042	937,296	974,892	996,021	-	165,123	980,458	964,161	1,057,363	1,056,145
Unrestricted investment earnings	10,159	16,265	14,945	24,318	2,076	592	1,276	26,823	59,758	116,372
Insurance recoveries	-	-	-	-	-	-	-	-	8,325	-
Gain on disposal of asset	-	-	-	-	1,970	3,100	43,789	-	6,400	18,800
Transfers	(565,075)	(588,920)	(585,544)	(792,507)	(1,571,748)	(1,076,338)	(1,827,209)	(981,827)	(923,782)	(818,720)
Total business-type activities	<u>390,126</u>	<u>364,641</u>	<u>404,293</u>	<u>227,832</u>	<u>(1,567,702)</u>	<u>(907,523)</u>	<u>(801,686)</u>	<u>9,157</u>	<u>208,064</u>	<u>372,597</u>
Total primary government	<u>\$6,794,688</u>	<u>\$6,909,157</u>	<u>\$7,161,052</u>	<u>\$7,271,272</u>	<u>\$7,148,326</u>	<u>\$7,517,981</u>	<u>\$7,603,435</u>	<u>\$7,583,413</u>	<u>\$8,026,851</u>	<u>\$8,309,421</u>
Change in Net Position										
Governmental activities	\$770,095	\$560,124	\$1,013,581	\$1,011,570	\$2,064,607	\$910,376	\$1,452,532	\$294,137	\$1,105,288	\$438,853
Business-type activities	1,492,253	1,791,363	1,891,131	2,837,519	656,878	1,174,651	566,284	1,392,421	3,832,405	1,144,455
Total primary government	<u>\$2,262,348</u>	<u>\$2,351,487</u>	<u>\$2,904,712</u>	<u>\$3,849,089</u>	<u>\$2,721,485</u>	<u>\$2,085,027</u>	<u>\$2,018,816</u>	<u>\$1,686,558</u>	<u>\$4,937,693</u>	<u>\$1,583,308</u>

CITY OF ATCHISON, KANSAS
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Assigned										
Purchases on order	\$ -	\$ -	\$ 29,177	\$ 68,821	\$ 48,372	\$ 31,643	\$ 5,691	\$ 16,538	\$ 36,321	\$ 46,156
Subsequent year's budget appropriation of fund balances	-	-	519,076	681,667	708,475	422,127	584,003	308,654	408,212	458,077
Unassigned	-	-	1,571,238	2,073,289	2,042,639	1,669,626	1,686,144	1,960,729	2,225,958	2,342,221
Reserved	54,484	40,896	-	-	-	-	-	-	-	-
Unreserved	525,684	1,016,875	-	-	-	-	-	-	-	-
Total general fund	<u>\$580,168</u>	<u>\$1,057,771</u>	<u>\$2,119,491</u>	<u>\$2,823,777</u>	<u>\$2,799,486</u>	<u>\$2,123,396</u>	<u>\$2,275,838</u>	<u>\$2,285,921</u>	<u>\$2,670,491</u>	<u>\$2,846,454</u>
All Other Governmental Funds										
Restricted for:										
General Government	\$ -	\$ -	\$ 309,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Substance abuse prevention and emergency shelter	-	-	-	16,592	23,424	27,197	9,718	10,002	15,771	8,660
Debt service fund	-	-	-	216,280	244,296	294,062	99,452	17,725	-	771,736
Capital projects and maintenance	-	-	863,132	335,267	1,731,467	35,585	50,605	49,254	40,261	76,726
Public Safety	-	-	1,967	1,920	1,773	1,548	2,870	2,870	5,061	16,426
Parks and Recreation facilities	-	-	12,553	19,860	19,093	13,348	15,363	59,990	103,469	121,161
Assigned	-	-	239,267	217,040	1,300,490	3,095,772	2,659,685	2,761,296	2,782,506	1,149,970
Reserved for:										
Encumbrances	5,214	434,133	-	-	-	-	-	-	-	-
Revolving loan program	374,908	-	-	-	-	-	-	-	-	-
Unreserved reported in:										
Debt service fund	159,454	229,922	-	-	-	-	-	-	-	-
Special revenue funds	232,822	226,510	-	-	-	-	-	-	-	-
Capital project funds	415,120	451,280	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$1,187,518</u>	<u>\$1,341,845</u>	<u>\$ 1,426,548</u>	<u>\$ 806,959</u>	<u>\$3,320,543</u>	<u>\$3,467,512</u>	<u>\$2,837,693</u>	<u>\$2,901,137</u>	<u>\$2,947,068</u>	<u>\$2,144,679</u>

Information presented for 2011 uses the new fund balance reporting required by GASB 54. Prior years are not restated.
Watershed District #26 is presented as a component unit beginning in 2006.
Beginning in 2011 the Watershed is reported as an agency fund.

CITY OF ATCHISON, KANSAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes:										
Property	\$3,423,769	\$3,406,690	\$3,231,311	\$3,211,414	\$3,244,470	\$3,226,669	\$3,330,996	\$3,331,078	\$3,470,664	\$3,564,294
Sales	1,524,783	1,520,429	1,587,341	1,651,096	2,532,109	2,420,909	1,629,061	1,646,986	1,738,735	1,775,424
Franchise	787,184	842,672	1,304,264	1,323,711	1,324,543	1,509,455	1,420,580	1,336,005	1,363,115	1,448,526
Guest	91,803	115,218	-	-	-	136,092	133,868	127,418	150,034	168,245
Payments in lieu of taxes	-	51,172	23,639	24,033	23,594	23,307	21,501	25,477	23,189	24,307
Intergovernmental	1,078,482	661,180	884,926	911,355	1,342,114	835,691	720,474	629,495	1,235,242	1,885,795
Licenses and permits	84,724	89,050	103,960	104,016	92,406	45,131	72,891	171,778	64,821	74,921
Charges for services	104,847	151,480	191,121	167,535	158,084	176,879	388,453	379,515	341,728	376,994
Fines and fees	164,096	243,079	329,666	148,168	244,265	225,256	188,751	221,242	196,392	181,289
Special Assessments	29,410	32,707	30,296	29,162	-	-	-	-	-	-
Interest on investments	11,948	16,246	24,660	27,156	1,272	443	1,242	28,323	69,814	125,321
Other	140,914	163,505	121,572	215,551	158,267	157,654	209,839	164,322	278,769	218,140
Total Revenues	7,441,960	7,293,428	7,832,756	7,813,197	9,121,124	8,757,486	8,117,656	8,061,639	8,932,503	9,843,256
Expenditures										
General government	1,905,569	1,855,886	1,923,128	1,735,879	2,335,663	2,544,990	2,318,616	2,407,727	2,763,157	3,192,597
Public works	1,090,137	1,191,008	1,450,485	1,556,253	1,630,158	1,824,005	1,750,137	1,594,803	1,557,711	1,387,650
Public safety	2,707,129	2,736,583	2,901,700	2,867,512	2,996,695	3,085,288	3,065,996	3,100,168	3,083,534	3,153,151
Parks and recreation	399,842	465,038	256,922	258,620	267,308	270,144	293,954	295,953	330,848	615,370
Economic development	75,000	75,000	-	-	-	-	-	-	-	-
Debt Service										
Principal	679,987	508,623	544,175	565,352	466,769	483,241	644,773	691,367	685,701	521,177
Interest	146,095	117,500	97,380	141,592	105,838	100,743	227,024	190,088	176,509	183,152
Debt Issuance Costs	-	-	31,756	-	34,236	60,646	-	-	36,160	-
Capital outlay	937,966	480,777	2,121,270	1,458,341	5,171,046	10,363,991	6,406,395	2,279,529	2,825,920	3,795,868
Total Expenditures	7,941,725	7,430,415	9,326,816	8,583,549	13,007,713	18,733,048	14,706,895	10,559,635	11,459,540	12,848,965
Excess of revenues over/(under) expenditures	(499,765)	(136,987)	(1,494,060)	(770,352)	(3,886,589)	(9,975,562)	(6,589,239)	(2,497,996)	(2,527,037)	(3,005,709)
Other Financing Sources (Uses)										
Payment to refund temporary notes	-	-	-	-	-	(2,550,000)	-	-	-	-
Proceeds of general obligation bonds	-	110,319	1,830,000	-	-	4,645,000	-	-	1,205,000	-
Sale of capital assets	27,639	50,753	177,015	58,502	37,728	46,210	50,752	89,469	59,157	39,444
Insurance Proceeds	-	-	-	-	-	164,912	10,105	55,146	401,825	4,381
Bond proceeds	-	-	-	-	-	-	-	-	-	758,400
Proceeds from capital leases	-	-	-	-	-	-	-	179,712	-	-
Proceeds from temporary notes	-	-	-	-	2,550,000	-	-	-	-	-
Bond premium	-	-	-	-	-	27,408	-	-	-	-
Transfers in	1,121,567	1,112,651	997,418	1,103,919	4,825,154	8,047,911	7,430,291	2,795,864	1,695,274	1,901,739
Transfers out	(556,492)	(504,806)	(363,950)	(307,372)	(1,037,000)	(935,000)	(1,379,286)	(548,668)	(403,718)	(324,681)
Total other financing sources (uses)	592,714	768,917	2,640,483	855,049	6,375,882	9,446,441	6,111,862	2,571,523	2,957,538	2,379,283
Net change in fund balances	\$92,949	\$631,930	\$1,146,423	\$84,697	\$2,489,293	(\$529,121)	(\$477,377)	\$73,527	\$430,501	(\$626,426)
Debt service as a percentage of noncapital expenditures	11.8%	9.0%	8.9%	9.8%	5.6%	6.9%	10.5%	9.2%	9.5%	7.1%

Information presented for all years since the city implemented GASB 34

CITY OF ATCHISON, KANSAS

WATER PRODUCED AND CONSUMED

LAST TEN FISCAL YEARS

(thousands of gallons)

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled		Average Percent Unbilled	Base Rate
			Metered Provided For Free	Unaccounted For Water		
2009	1,491,859	959,947	69,043	462,869	35.65%	18.70
2010	1,599,504	1,094,121	69,043	445,141	32.15%	23.38
2011	1,525,572	1,149,030	90,295	286,246	24.68%	24.08
2012	1,560,120	1,178,786	75,151	306,184	24.44%	24.80
2013	1,494,244	1,095,987	89,359	308,898	26.65%	26.29
2014	1,392,016	1,069,542	78,489	248,952	23.52%	27.34
2015	1,421,828	1,103,430	104,661	213,737	22.39%	29.34
2016	1,264,147	1,064,994	59,463	139,690	15.75%	30.81
2017	1,326,400	1,066,826	51,757	207,817	19.57%	30.81
2018	1,356,600	1,109,122	85,386	162,092	18.24%	31.12

Source: City of Atchison Water Use reports

Base rate shown is for a 5/8" meter. See the Water Rate Schedule for other meter sizes and usage charges.

CITY OF ATCHISON, KANSAS

ANNUAL TAP SALES

LAST TEN FISCAL YEARS

Fiscal Year	Water Meter Taps Sold
2009	16
2010	18
2011	8
2012	5
2013	8
2014	8
2015	1
2016	6
2017	1
2018	5

Source: City of Atchison Water Utility

CITY OF ATCHISON, KANSAS

NUMBER OF WATER CUSTOMERS BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Water Customers				Total
	Residential	Commercial	Industrial	Rural Water Districts	
2009	3,716	439	37	7	4,199
2010	3,716	470	4	7	4,197
2011	3,700	433	42	6	4,181
2012	3,672	433	42	6	4,153
2013	3,648	433	42	6	4,129
2014	3,624	431	42	6	4,103
2015	3,639	426	41	6	4,112
2016	3,647	440	31	7	4,125
2017	3,636	448	31	7	4,122
2018	3,656	449	33	7	4,145

Source: City of Atchison Water Use reports

CITY OF ATCHISON, KANSAS

WATER RATES

LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Minimum Monthly Rates- All account types										
5/8 inch meter	\$ 18.70	\$ 23.38	\$ 24.08	\$ 24.80	\$ 26.29	\$ 27.34	\$ 29.34	\$ 30.81	\$ 30.81	\$ 31.12
3/4 inch meter	30.25	37.81	38.94	40.11	42.15	43.84	45.84	48.13	48.13	48.61
1 inch meter	50.05	62.56	64.43	66.36	70.34	73.15	75.15	78.91	78.91	79.70
1.5 inch meter	93.50	116.88	120.39	124.00	131.44	136.70	143.53	150.71	150.71	152.22
2 inch meter	126.50	158.13	162.87	167.76	177.82	184.93	194.18	203.89	203.89	205.93
3 inch meter	247.50	309.38	318.66	328.22	347.91	361.82	379.91	398.91	398.91	402.90
4 inch meter	412.50	515.63	531.10	547.03	579.85	603.05	633.19	664.85	664.85	671.50
6 inch meter	544.50	680.63	701.05	722.08	765.41	796.02	835.82	877.61	877.61	886.39
8 inch meter	632.50	790.63	814.35	838.78	889.11	924.67	970.90	1,019.44	1,019.44	1,029.64
Additional Monthly Charges- Residential										
0-1,997 gallons consumed (per 1,000 gallons)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,998-4,989	3.254	4.067	4.189	4.315	4.574	4.757	4.757	4.995	4.995	5.045
4,990-9,971	3.154	3.943	4.061	4.183	4.434	4.612	4.612	4.842	4.842	4.890
9,972-49,860	3.000	3.750	3.863	3.978	4.217	4.386	4.386	4.605	4.605	4.651
49,861-99,731	2.801	3.502	3.607	3.715	3.938	4.096	4.096	4.300	4.300	4.343
99,732-199,469	2.581	3.226	3.323	3.423	3.628	3.773	3.773	3.962	3.962	4.001
Additional Monthly Charges Rates- Industrial										
0-49,869 gallons consumed (per 1,000 gallons)	\$ 2.768	\$ 3.461	\$ 3.564	\$ 3.671	\$ 3.892	\$ 4.047	\$ 4.250	\$ 4.462	\$ 4.462	\$ 4.507
49,870-99,731	2.680	3.350	3.451	3.554	3.768	3.918	4.114	4.320	4.320	4.363
99,732-149,600	2.371	2.964	3.053	3.145	3.333	3.467	3.640	3.822	3.822	3.860
149,601-199,469	2.173	2.716	2.798	2.881	3.054	3.177	3.335	3.502	3.502	3.537
199,470-997,331	1.787	2.233	2.300	2.369	2.512	2.612	2.743	2.880	2.880	2.908
997,332-4,986,669	1.456	1.820	1.875	1.931	2.047	2.128	2.235	2.347	2.347	2.370
4,986,670-9,973,331	0.662	0.827	0.852	0.878	0.930	0.968	1.016	1.067	1.067	1.074
9,973,331 and above	0.563	0.703	0.724	0.746	0.791	0.822	0.864	0.907	0.907	0.916

Source: City of Atchison Water Utility

Rates presented are for customers within the city limits. Customers outside the city limits are charged higher rates.

A 25% rate increase was effective with the January 2010 billing period. There were no rate changes for 2017.

CITY OF ATCHISON, KANSAS

PRINCIPAL WATER PURCHASERS

CURRENT YEAR AND NINE YEARS AGO

Water Purchaser	2018			2009		
	Gallons Consumed	Rank	Percentage of Total Gallons Consumed	Gallons Consumed	Rank	Percentage of Total Gallons Consumed
MGP Ingredients	644,796,742	1	53.98%	370,020,954	1	35.96%
Rural Water District #5	115,830,810	2	9.70%	145,022,650	2	14.09%
Bradken	31,004,660	3	2.60%	18,917,040	4	1.84%
Benedictine College	22,439,633	4	1.88%	16,318,615	5	1.59%
Rural Water District #6	21,878,648	5	1.83%	25,200,861	3	2.45%
Bunge	14,457,920	6	1.21%	9,341,435	7	0.91%
Rural Water District #1	9,806,280	7	0.82%	13,942,720	6	1.35%
Mount St. Scholastica	7,729,922	8	0.65%	6,926,854	8	0.67%
Atchison Hospital	5,532,963	9	0.46%	5,970,529	10	0.58%
Atchison Public Schools	5,402,767	10	0.45%			0.00%
Golden Star Inc.	-		-	6,764,837	9	0.66%
Maur Hill- Mount Academy	-					
Total	878,880,345		73.58%	618,426,495		60.10%

Source: City of Atchison Water Department.

CITY OF ATCHISON, KANSAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Estate	Personal Property	Utilities	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed to Total Estimated Actual Value
2009	\$ 56,926,494	\$ 7,018,204	\$ 4,371,716	\$ 7,202,148	\$ 61,114,266	\$ 57	\$ 446,183,278	13.70%
2010	58,326,077	6,209,979	4,349,715	7,210,601	61,675,170	57	445,328,629	13.85%
2011	60,339,718	5,518,345	4,692,455	7,449,991	63,100,527	53	446,170,360	14.14%
2012	60,578,300	4,738,734	4,932,363	8,853,139	61,396,258	54	446,386,760	13.75%
2013	59,969,135	4,436,095	8,038,200	9,229,156	63,214,274	53	479,288,688	13.19%
2014	62,721,455	4,227,171	5,849,040	11,097,689	61,699,977	54	496,147,523	12.44%
2015	63,090,321	3,814,598	5,927,124	8,717,980	64,114,063	54	484,916,097	13.22%
2016	62,477,029	3,676,815	6,558,267	8,005,290	64,706,821	54	483,243,848	13.39%
2017	62,446,658	3,552,787	6,552,359	6,870,472	65,681,332	54	486,341,158	13.51%
2018	63,765,522	3,469,399	6,915,667	6,024,109	68,126,479	54		#DIV/0!

Source: Atchison County Clerk

Note: Does not include penalty amounts

CITY OF ATCHISON, KANSAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER \$ 1,000 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates				White Clay #26 Watershed	USD 409	Atchison County	State of Kansas	Total
	Basic Rate	Debt Service	Library	Total Direct Rate					
2009	\$ 42.071	\$ 8.524	\$ 6.770	\$ 57.365	\$ 2.625	\$ 59.645	\$ 45.870	\$ 1.500	\$ 167.005
2010	42.100	8.306	6.775	57.181	2.801	62.804	46.658	1.500	170.944
2011	37.892	8.255	6.733	52.880	2.797	61.212	46.621	1.500	165.010
2012	39.296	8.002	6.771	54.069	2.998	62.603	48.722	1.500	169.892
2013	38.166	8.000	6.769	52.935	2.883	63.453	50.435	1.500	171.206
2014	38.734	8.500	7.000	54.234	2.883	63.180	50.984	1.500	172.781
2015	38.132	8.976	6.981	54.089	2.885	60.373	53.841	1.500	172.688
2016	36.224	10.887	7.000	54.111	2.888	60.373	55.060	1.500	173.932
2017	36.148	10.801	7.000	53.949	2.884	60.557	53.666	1.500	172.556
2018	36.151	10.805	7.003	53.959	2.888	58.170	54.444	1.500	170.961

Source: Atchison County Clerk

CITY OF ATCHISON, KANSAS

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Westar Energy	\$5,997,346	1	8.80%	\$1,838,732	4	3.01%
MGP Ingredients	5,195,816	2	7.63%	5,408,907	1	8.85%
Bartlett Grain	3,477,179	3	5.10%	734,278	8	1.20%
Bradken	3,240,865	4	4.76%	2,328,038	3	3.81%
Wal Mart	1,983,673	5	2.91%	2,548,303	2	4.17%
Atchison Tubular Services (formerly Northwest Pipe)	1,649,822	6	2.42%	924,723	6	1.51%
Union Pacific Railroad	1,350,659	7	1.98%	668,193	9	1.09%
Blish-Mize Co	1,173,030	8	1.72%	1,281,817	5	
Golden Star	1,039,643	9	1.53%			
Kansas Gas Service	1,003,687	10	1.47%	907,266	7	1.48%
Southwester Bell				618,256	10	1.01%
Total	<u>\$26,111,720</u>		<u>38%</u>	<u>\$17,258,513</u>		<u>26%</u>

Source: Atchison County Clerk

CITY OF ATCHISON, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percent of Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
2009	\$ 3,684,215	\$ 3,610,823	98.01%	\$ 6,414	\$ 3,617,236	98.18%	\$ 66,979	1.82%
2010	3,715,137	3,620,578	97.45%	11,662	3,620,578	97.45%	94,559	2.55%
2011	3,528,503	3,237,885	91.76%	12,567	3,237,885	91.76%	290,618	8.24%
2012	3,523,660	3,407,816	96.71%	14,429	3,407,816	96.71%	115,844	3.29%
2013	3,550,247	3,507,029	98.78%	18,334	3,507,029	98.78%	43,218	1.22%
2014	3,543,729	3,498,445	98.72%	29,276	3,498,445	98.72%	45,284	1.28%
2015	3,680,770	3,528,405	95.86%	79,475	3,607,880	98.02%	72,890	1.98%
2016	3,747,280	3,606,998	96.26%	83,624	3,690,622	98.49%	56,658	1.51%
2017	3,782,116	3,636,358	96.15%	29,260	3,665,617	96.92%	116,499	3.08%
2018	3,905,837	3,753,586	96.10%	-	3,753,586	96.10%	152,251	3.90%

Source: Atchison County Treasurer
NA= not available

CITY OF ATCHISON, KANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Sales Tax Revenue Bonds	Other Loans	Capital Leases	General Obligation Bonds	Capital Leases	Revolving Loans			
2009	\$ 2,915,000	\$ -	\$ -	\$ 173,982	\$ 7,125,000	\$ 18,663	\$ 283,649	\$ 10,516,294	3.56%	\$ 1,011
2010	2,545,319	-	-	145,359	6,629,681	-	4,466,912	13,787,271	4.65%	1,322
2011	3,852,676	-	-	123,827	6,042,324	206,000	5,974,057	16,198,884	4.63%	1,470
2012	3,309,868	-	-	101,283	5,435,132	167,228	5,448,587	14,462,098	4.26%	1,322
2013	2,866,703	-	2,550,000	77,679	4,646,977	127,291	7,338,680	17,607,330	4.83%	1,608
2014	7,053,175	-	-	52,966	3,676,825	722,136	12,703,928	24,209,030	6.61%	2,248
2015	6,434,276	-	-	27,091	2,765,724	548,214	16,154,621	25,929,926	7.18%	2,421
2016	5,794,010	-	-	179,712	1,835,000	383,221	17,104,754	25,296,697	6.63%	2,362
2017	6,327,651	-	-	163,997	875,736	258,784	13,654,477	21,280,644	5.62%	2,001
2018	5,821,292	758,400	-	147,834	-	265,652	12,904,356	19,897,534	N/A	1,884

NA= not available

CITY OF ATCHISON, KANSAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General bonded debt outstanding										
General obligation bonds	\$10,040,000	\$ 9,175,000	\$ 9,895,000	\$ 8,745,000	\$ 7,513,680	\$10,819,672	\$ 9,272,577	\$ 7,660,482	\$ 7,241,774	\$ 5,821,292
Total	\$10,040,000	\$ 9,175,000	\$ 9,895,000	\$ 8,745,000	\$ 7,513,680	\$10,819,672	\$ 9,272,577	\$ 7,660,482	\$ 7,241,774	\$ 5,821,292
Estimated actual property value	446,183,278	445,328,629	446,170,360	446,386,760	479,288,688	496,147,523	484,916,097	483,243,848	486,341,158	499,467,910
Percentage of estimated actual property value	2.25%	2.06%	2.22%	1.96%	1.57%	2.18%	1.91%	1.59%	1.49%	1.17%
Population	10,402	10,432	11,021	10,943	10,953	10,771	10,712	10,712	10,636	10,650
Per capita	965	880	898	799	686	1,005	866	715	681	547
Less: Amounts set aside to repay general debt	(159,454)	(229,922)	(324,889)	(259,902)	(306,372)	(374,451)	(198,143)	(131,351)	(92,581)	(238,616)
Total net debt applicable to debt limit	9,880,546	8,945,078	9,570,111	8,485,098	7,207,308	10,445,221	9,074,434	7,529,131	7,149,193	5,582,676
Legal debt limit	18,334,280	18,502,551	18,930,158	18,418,877	18,964,282	18,509,993	19,234,219	19,412,046	19,704,400	20,437,944
Legal debt margin	<u>\$ 8,453,734</u>	<u>\$ 9,557,473</u>	<u>\$ 9,360,047</u>	<u>\$ 9,933,779</u>	<u>\$ 11,756,974</u>	<u>\$ 8,064,772</u>	<u>\$ 10,159,785</u>	<u>\$ 11,882,915</u>	<u>\$ 12,555,207</u>	<u>\$ 14,855,268</u>
Legal debt margin as a percentage of debt limit	46.11%	51.65%	49.45%	53.93%	62.00%	43.57%	52.82%	61.21%	63.72%	72.68%

Debt limit is set at 30% of assessed valuation.

CITY OF ATCHISON, KANSAS

GOVERNMENTAL ACTIVITIES DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2018

Taxing Body	Debt		City's Share		Per Capita
	Amount	As of	Percent	Amount	
Estimated overlapping debt:					
Atchison County	\$ 4,327,561	12/31/18	65%	\$ 2,818,267	\$ 267
USD No. 409	16,120,000	12/31/18	89%	14,346,800	1,359
	<u>20,447,561</u>			<u>17,165,067</u>	<u>1,625</u>
Direct debt:					
City of Atchison	<u>5,969,126</u>	12/31/18	100%	<u>5,969,125</u>	<u>565</u>
Direct and estimated overlapping debt	<u>\$ 26,416,687</u>			<u>\$ 23,134,192</u>	<u>\$ 2,191</u>

Source: Atchison County Clerk and USD 409

Information represents the share of the respective debt which are obligations of the citizens of Atchison.
Percentages are based upon population of the city or school district compared to the total county population.

CITY OF ATCHISON, KANSAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

<u>Fiscal Year</u>	<u>City Population</u>	<u>County Total Personal Income (000's omitted)</u>	<u>County Per Capita Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate (Atchison County)</u>
2008	10,078	\$ 501,972	\$ 29,844	2,193	4.60%
2009	10,402	481,898	28,405	2,154	9.20%
2010	10,432	480,769	28,498	2,234	9.90%
2011	11,021	534,580	31,843	2,207	9.00%
2012	10,943	525,851	31,262	2,198	7.70%
2013	10,953	557,004	33,256	2,180	8.60%
2014	10,771	560,585	33,993	2,147	6.50%
2015	10,712	552,514	33,694	2,183	6.10%
2016	10,712	583,765	35,639	2,226	6.20%
2017	10,636	581,736	35,619	2,241	5.20%
2018	10,560	N/A	N/A	2,258	4.60%

Population figures presented are for the city only. The Personal Income and Per Capita Income figures are for the entire county.

r: revised

NA: Not Available

Sources:

Population: U.S. Census Bureau

Total Personal Income: Bureau of Economic Analysis

Per Capita Income: Bureau of Economic Analysis

School Enrollment: Kansas State Department of Education

Unemployment Rate: Bureau of Labor Statistics

CITY OF ATCHISON, KANSAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Benedictine College	435	1	6.52%	210	4	3.12%
Atchison Hospital	315	2	4.72%	300	3	4.45%
Bradken (formerly Atchison Casting)	300	3	4.50%	484	1	7.18%
USD 409	299	4	4.48%	300	2	4.45%
Atchison County	220	5	3.30%	177	6	2.63%
MGP Ingredients	208	6	3.12%	187	5	2.77%
Wal Mart	175	7	2.62%			
Blish-Mize	115	8	1.72%			
Fargo Assembly	114	9	1.71%	101	8	1.50%
City of Atchison	105	10	1.57%	103	7	1.53%
Golden Star				90	9	1.34%
Northwest Pipe				86	10	1.28%
Total	2,286		34.28%	2,038		30.24%

Source: Community Development Department

CITY OF ATCHISON, KANSAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
City Manager	3	3	3	3	3	3	3	3	3	3
Finance	3.5	3.5	4.5	4.5	5	5	5	5	4	5
Municipal Court	1	1	1	1	1	1	1	1	1	1
Community Development(b)	3.5	3.5	4.5	4.5	4.5	4.5	3.5	3.5	3.5	3.5
Engineering	4	4	2	2	2	2	2	2	2	2
Atchison Event Center (c)	0	0	0	0	0	0	2.5	2.5	2	2
Public Safety										
Police	23	22	22	23	23	23	22.5	23.5	23.5	23.5
Animal Control	1	1	1	1	1	1	1.5	1.5	1	1
Fire	18.75	19.75	19.75	19.75	19.75	19.75	19.75	19	19	19
Public Works Admin (a)	0	0	22	22	20.83	19.83	21.5	20.5	21	1.5
Public Works										
Street	11	9	0	0	0	0	0	0	0	7
Fleet Maintenance	2	2	0	0	0	0	0	0	0	2
Construction Engineering	0	0	0	0	0	0	0	0	0	1
Parks and Recreation										
Parks	7	6	0	0	0	0	0	0	0	8
Water/Wastewater	19.5	19.5	18.5	18.5	18.34	19.33	20.17	21.67	20.67	20.5
Refuse	6	6	6	6	6.83	6.83	4.83	4.83	4.83	4.83
Total	<u>103.25</u>	<u>100.25</u>	<u>104.25</u>	<u>105.25</u>	<u>105.25</u>	<u>105.24</u>	<u>107.25</u>	<u>108</u>	<u>105.5</u>	<u>104.83</u>

Source: City of Atchison Human Resources department

(a) All public works employees (Parks, Streets, Fleet Maint., Construction Engineering) shown in Public Works Admin 2011-2017

(b) Departments were restructured in 2011

(c) The operation of the Atchison Event Center was taken over by the City on 12/31/14.

CITY OF ATCHISON, KANSAS
OPERATING INDICATORS BY PROGRAM/FUNCTION
LAST TEN FISCAL YEARS

Program/Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Dispatched calls	14,501	13,903	13,786	13,458	13,257	12,503	12,153	11,931	13,881	13,268
Criminal cases	1,806	1,680	1,773	1,796	1,505	1,599	1,615	1,620	1,709	1,382
Criminal cases cleared	1,242	1,182	1,161	1,206	1,031	1,066	1,092	1,082	1,227	1,074
Arrests	1,166	1,047	1,117	1,147	974	935	897	902	1,033	916
Serious crimes	519	412	401	530	384	377	378	435	545	436
Fire										
Emergency Responses	290	340	343	339	357	398	346	359	400	401
First Responder/Medical	556	570	603	635	784	864	725	761	865	896
Life Safety Inspections	657	657	657	657	656	667	667	667	667	667
Property Loss (thousands of \$)	\$ 355	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Refuse collected (tons/year)										
Trash	3,608	3,293	3,207	3,188	3,079	2,846	2,734	2,980	2,958	3,221
Recycling	-	-	-	-	-	-	174	190	210	218
Construction/Demolition	-	-	-	-	-	-	-	-	-	-
Brush	106	232	136	128	72	-	-	-	-	-
Metal	-	-	-	-	-	-	-	-	-	-
Water										
New connections	16	18	8	5	8	8	1	6	1	5
Water main breaks	20	33	23	31	32	39	30	27	22	26
Replaced bad service lines	44	31	29	33	21	25	20	32	17	19
Average daily production (thousands of gallons)	3,753	4,097	3,879	4,054	4,055	3,608	3,044	3,328	3,177	3,717
Peak daily production (thousands of gallons)	5,287	5,482	6,037	6,414	5,152	5,196	3,344	6,037	5,704	5,750
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,757	1,740	946	1,283	1,281	1,480	1,560	1,198	1,207	1,499

Source: various City of Atchison departments
2008 Construction/Demolition and Brush are included in Trash
2009-2012 Construction/Demolition and Metal are included in Trash
2014 Construction/Demolition, Brush and Metal are no longer tracked separately
2015 The City of Atchison began offering curbside recycling to all residents

CITY OF ATCHISON, KANSAS
CAPITAL ASSET STATISTICS BY PROGRAM/FUNCTION
LAST TEN FISCAL YEARS

Program/Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	10	10	10	10	10	10	10	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Refuse Collection										
Collection trucks	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	77	77	77	77	77	77	77	77	77	77
Highways (miles)	8	8	8	8	8	8	8	8	8	8
Traffic Signals	11	11	11	11	11	11	11	6	6	6
Parks and Recreation										
Acreage	332	332	332	332	332	332	332	332	332	332
Playgrounds	7	7	7	7	7	7	7	7	7	7
Baseball/Softball diamonds	6	6	5	5	5	5	5	5	5	5
Water										
Water mains (miles)	100	95	95	95	95	95	95	95	95	100
Fire hydrants	556	556	560	565	566	568	572	576	579	582
Storage capacity (000's gallons)	2,350	2,350	2,350	2,350	2,350	4,350	4,350	4,350	4,350	4,350
Wastewater										
Sanitary Sewers (miles)	20	20	20	20	20	20	20	20	20	20
Storm Sewer (combined, miles)	80	80	80	80	80	80	80	80	80	80
Treatment capacity (000's gallons)	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Treatment capacity (000's gallons)	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400

Source: City of Atchison



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Commission
City of Atchison, Kansas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Atchison, Kansas (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 6, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berwick Trahan + Co., P.A.

Topeka, Kansas
June 6, 2019